92-1760

Supreme Court, U.S.

No. _____

In The

Supreme Court of the United States

October Term, 1992

DAVID DeCOSTA, AS EXECUTOR OF THE ESTATE OF VICTOR DeCOSTA,

Petitioner,

v.

VIACOM INTERNATIONAL,

Respondent.

Petition For A Writ Of Certiorari To The United States Court Of Appeals For The First Circuit

PETITION FOR WRIT OF CERTIORARI

RICHARD W. PETROCELLI
MARK J. HAGOPIAN
VISCONTI & PETROCELLI, LTD.
55 Dorrance Street
Providence, Rhode Island 02903
(401) 331-3800
Attorneys for Petitioner

COCKLE LAW BRIEF PRINTING CO., (800) 225-6964
OR CALL COLLECT (402) 342-2831

QUESTIONS PRESENTED FOR REVIEW

I. WHETHER A SENIOR USER OF A SERVICE MARK WHO FAILS TO PROVE A LIKELIHOOD OF CONFUSION BASED SOLELY UPON COMMON LAW RIGHTS MAY ESTABLISH INFRINGEMENT WHERE HE ACHIEVES SUBSEQUENT FEDERAL REGISTRATION AND INCONTESTABLE STATUS OF THE MARK AND EXPANDS INTO THE JUNIOR USER'S MEDIUM OF TRADE.

II. WHETHER LEGAL PRESUMPTIONS ARISING FROM FEDERAL REGISTRATION AND INCONTESTIBLE STATUS OF A SERVICE MARK IMPACT THE BURDEN OF PROVING LIKELIHOOD OF CONFUSION SUCH THAT A PRIOR RULING OF NO LIKELY CONFUSION BASED ON PRE-REGISTRATION USES DOES NOT COLLATERALLY ESTOP A SERVICE MARK OWNER FROM LITIGATING THE ISSUE BASED ON POST-REGISTRATION USES.

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Now comes the Petitioner, David DeCosta, as the Executor of the Estate of Victor DeCosta, formerly the Plaintiff below, and by his attorneys, prays that this Honorable Court issue a Writ of Certiorari to the United States Court of Appeals for the First Circuit to review that Court's erroneous decision of questions involving the infringement of a federally registered service mark.

OPINIONS OF THE COURT BELOW

The opinions of the United States Court of Appeals for the First Circuit and of the United States District Court for the District of Rhode Island are reprinted in the appendix hereto.

STATEMENT OF JURISDICTION

The judgment of the United States Court of Appeals for the First Circuit was entered on December 17, 1992. Plaintiff below subsequently petitioned the Court of Appeals for rehearing pursuant to Fed. R. App. P. 40(a) and suggested reconsideration *en banc*, pursuant to Fed. R. App. P. 35(b). The Court of Appeals entered an Order on February 3, 1993, denying both the Petition for Rehearing and the Suggestion for Reconsideration *en banc*. Jurisdiction of this Court is invoked pursuant to 28 U.S.C. § 1254(1) and by the Rules of the Supreme Court of the United States R.10(a).

STATUTORY PROVISIONS AND RULES INVOLVED

Pertinent portions of the following statutory provision and rules involved in this case are set forth beginning at appendix p. A107.

15 U.S.C. § 1057(b)
15 U.S.C. § 1065
15 U.S.C. § 1072
15 U.S.C. § 1115(a)
15 U.S.C. § 1115(b)(5)

STATEMENT OF THE CASE

In 1946, Victor DeCosta created a western character named Paladin. His purpose was to provide entertainment services. DeCosta's Paladin wears a unique outfit consisting of a black cowboy hat with a silver medallion on the band, black shirt, black pants, boots, six-gun holster to which is affixed a silver facsimile of a horse-head knight chess piece and a hidden derringer with which he surprises the "bad guys" during his appearances. DeCosta's Paladin sports dark hair and a thin black mustache.

The defining characteristic of DeCosta's Paladin, however, is his calling card. DeCosta created the slogan "Have Gun Will Travel, Wire Paladin" juxtaposed on a calling card with a horse-head knight chess piece logo. DeCosta appeared as the Paladin character at rodeos and other functions during the 1940's and 1950's and passed out hundreds of thousands of calling cards containing his slogan and horse-head logo.

Beginning in 1957 and continuing in its first run until 1964, Columbia Broadcasting System, Inc. (hereinafter "CBS"), broadcast a western series entitled "Have Gun Will Travel." The central character was named "Paladin" and used the same slogan, calling card, logo and dress as DeCosta. Comparison photographs of the two Paladins and their calling cards are contained in the Appendix (A106).

After learning of the theft of his slogan and character, DeCosta sued CBS in 1963 for misappropriation, willful and intentional infringement of his common law service mark, and unfair competition. The misappropriation count was tried to a jury, which found that CBS misappropriated DeCosta's idea and character and awarded $150,000 damages. The First Circuit Court of Appeals reversed the judgment, noting that:

> " . . . [T]he Plaintiff has had the satisfaction of proving the Defendants pirates. But we are drawn to conclude that that proof alone is not enough to entitle him to a share of the plunder." *Columbia*

Broadcasting System v. DeCosta, 377 F.2d 315, 317 (C.A. 1 1967), cert. den., 389 U.S. 1007 (1967) (hereinafter "*DeCosta I*").

The *DeCosta I* Court reversed the jury verdict based upon an erroneous interpretation of federal preemption under the copyright clause. The *DeCosta I* Court misinterpreted this Court's decisions in *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 84 S. Ct. 1184, 11 L.Ed. 2d 661 (1964); and, *Compco Corp. v. Daybright Lighting, Inc.*, 376 U.S. 234, 84 S. Ct. 779, 11 L.Ed. 2d 669 (1964) as holding that the copyright clause preempted the state misappropriation claim. Therefore, the Circuit Court reasoned that, since DeCosta had not copyrighted his cards, he could not recover under state misappropriation laws. *Columbia Broadcasting Systems v. DeCosta*, 377 F.2d at 321.

The First Circuit later acknowledged, in light of this Court's decision in *Goldstein v. California*, 412 U.S. 546, 93 S. Ct. 2303, 37 L.Ed. 2d 163 (1973), that its interpretation of *Sears-Compco* and the preemptive reach of the copyright clause was over-broad. The Circuit Court recognized that:

> "We face a dilemma. *Goldstein* tells us that we were, in our interpretation of the preemptive reach of the Copyright Clause, over-inclusive. And yet, what we decided in *DeCosta I* has settled, for this case, the issue of misappropriation." *DeCosta v. Columbia Broadcasting Inc.*, 520 F.2d 499, 510 (C.A. 1 1975), cert. den., 423 U.S. 1073 (1976) (hereinafter "*Decosta II*") (A86).

Thus, although the First Circuit acknowledged its error, DeCosta had lost his jury verdict on the misappropriation count.

After *DeCosta I*, the matter was tried before a Magistrate by consensual reference on Counts II and III of the Complaint. In a subsequent appeal, the First Circuit characterized the second cause of action as one for intentional common law service mark infringement of the slogan "Have Gun Will Travel, Wire Paladin," and the knight chess piece logo

DeCosta v. Columbia Broadcasting System, 520 F.2d 499, 509 (C.A. 1 1975), cert. den., 423 U.S. 1073 (1976). The First Circuit characterized the third cause of action as one for unfair competition for intentional copying of DeCosta's marks, manner of dress, and for passing off the television character as the original Paladin. *Id.*

The Magistrate made a finding of fact that "likelihood of confusion" existed as a result of uses of the marks by DeCosta and CBS during the initial run of the series. *DeCosta v. Columbia Broadcasting System*, 520 F.2d at 514. The Magistrate's decision was based, in part, upon the identity of the marks and characters, evidence of actual confusion, including the testimony of six witnesses that they had thought, upon viewing the program, that the television Paladin was Mr. DeCosta, and testimony of another 21 witnesses as to confusing similarity between the physical characteristics of the characters. *Id.* Despite the fact that the standard of review in the First Circuit is that "likelihood of confusion" is an issue of fact, not to be overturned unless "clearly erroneous," the Circuit Court found the evidence insufficient to support the finding, and reversed the lower court again. Central to its opinion that likely confusion was not proved, based on the parties' prior uses, the *DeCosta II* Court reasoned:

> "Plaintiff's enterprise was localized; Defendant's was nationwide." *DeCosta v. Columbia Broadcasting Inc.*, 520 F.2d 499, 510 (C.A. 1 1975), cert. den., 423 U.S. 1073 (1976).

The *DeCosta II* Court concluded that DeCosta could not recover, although it acknowledged:

> "We recognize that Plaintiff has lost something of value to him. The very success of Defendants' series saturated the public consciousness, and in time diluted the attractiveness of Plaintiff's creation, . . . " *Id.*

While he battled with CBS over its prior use of his mark in the federal court cases, DeCosta sought protection for the future use of his mark in an application before the U.S. Patent

and Trademark Office for registration of his service mark. Over the opposition of CBS, which was supported by defendant-appellant Viacom, the syndicator of the television series, (hereinafter "Viacom"), DeCosta was granted an unrestricted, geographically unlimited federal service mark registration of his slogan "Have Gun Will Travel, Wire Paladin" and horse head logo.

Despite the argument of CBS (Opposer) that the granting of an unrestricted registration would interfere with its present and future syndication rights, the Trademark Trial and Appeal Board ruled as follows:

> "It is Opposer's argument that the granting of an unrestricted registration to Applicant will potentially interrupt Opposer's existing agreements and the formation of new agreements, which would cause economic injury to Opposer. This seems to us to be a bald-faced argument that Opposer, already branded a pirate, should be allowed to make off with additional plunder unhindered by any inconvenience that might result from the recognition of Applicant's lawful rights. We shall determine Applicant's right of registration on its own merits, and leave for the future any economic consequences hereof . . .
>
> "Opposer's argument that the issuance of a registration to applicant may upset Opposer's existing and future television syndication and merchandise licensing agreements, apart from lacking any appeal to our equitable conscience, is fully answered by the principle that *a subsequent user, even in a territorially remote area, cannot be damaged in a legal sense by the issuance of an unrestricted registration to the prior user, who has superior rights as a result of his priority . . . Applicant herein has the superior right, and the Opposer must yield even though it may consequently have to endure economic injury.*" (emphasis supplied) *Columbia Broadcasting System, Inc. v. DeCosta*, 192 U.S.P.Q. 453, 457 (T.T.A.B. 1976). (A74)

The undisputed evidence in the present action shows that, in the years following the federal registration of his service mark, DeCosta dramatically expanded his use of the mark by making appearances in three-quarters of the United States. He also made commercial use of his mark in a television advertisement and in other ways. DeCosta has also received offers for motion picture use of his mark and character. DeCosta's mark has also now achieved incontestable status under the Lanham Act. The District Court summarized the evidence of DeCosta's post-registration uses of the mark in deciding post-trial Motions (A47, A56).

Notwithstanding the fact that its active efforts to prevent the unrestricted registration of DeCosta's mark failed, Viacom syndicated the television series after the date of registration. As a result, DeCosta sued Viacom. The jury and the District Court below found that there was a likelihood of confusion between DeCosta's post-registration *expanded uses* of his mark and Viacom's uses during the post-registration period and that Viacom's syndication of the series constituted federal and common law trademark infringement and unfair competition. The jury and the District Court also found that Viacom acted intentionally and in bad faith in violating DeCosta's rights. The jury awarded DeCosta One Million ($1,000,000) Dollars in compensatory damages and Two and One-half Million ($2,500,000) Dollars in punitive damages and that award was upheld by the District Court upon review as provided under the Lanham Act.

Viacom appealed and the First Circuit reversed the judgment of the District Court. *DeCosta v. Viacom Int'l.*, 91-221 (C.A. 1 1992) (hereinafter "*DeCosta III*") (A1). The Court of Appeals did not rule that DeCosta had failed to prove likelihood of confusion. The Circuit Court did not rule that the findings of the jury and District Court as to "likelihood of confusion" were clearly erroneous. In fact, the First Circuit acknowledged the overwhelming proof of likelihood of confusion in the record. Rather, the First Circuit held that its

decision in *DeCosta II* that likelihood of confusion was not sufficiently proved, based upon uses of the marks by the parties during the initial run of the series, collaterally estopped litigation of the issue of whether their post-registration uses caused likelihood of confusion. In so ruling, the First Circuit announced a policy that an adjudication of a failure to prove likely confusion based upon uses of a mark during one discrete time period, granted the admittedly junior user the continuing and permanent right to continue to use the mark. Relying on decisions of this Court which predate passage of the Lanham Act by approximately thirty years, the First Circuit ruled that its adjudication in *DeCosta II* granted Viacom the prior right to use DeCosta's mark in television. The Court held:

> " . . . [I]t is CBS and Viacom who have the prior right to use the mark in television, not DeCosta. And, for that reason, insofar as DeCosta's expansion into television creates 'confusion,' he has no legal basis for recovery."

The Court of Appeals held that DeCosta was barred from re-litigating the issue of likelihood of confusion, which is the ultimate fact to be proved in a service mark infringement case, because neither the law nor DeCosta's circumstances had changed sufficiently from the prior litigation to warrant holding Viacom liable. The Circuit Court erroneously reasoned that even if DeCosta's subsequent federal registration and expansion of the use of his mark were viewed as significant changes in circumstances, those changes would do DeCosta no good, as Viacom had the prior right to use the mark in the television medium.

ARGUMENT

I. A SENIOR USER OF A SERVICE MARK WHO FAILS TO PROVE LIKELIHOOD OF CONFUSION BASED SOLELY UPON COMMON LAW RIGHTS MAY ESTABLISH INFRINGEMENT WHERE HE ACHIEVES SUBSEQUENT FEDERAL REGISTRATION AND INCONTESTABLE STATUS OF THE MARK AND EXPANDS INTO THE JUNIOR USER'S MEDIUM OF TRADE

A. A Prior Finding Of No Likelihood Of Confusion Does Not Forever Bar DeCosta From Establishing Infringement Where His Circumstances Have Changed

The Circuit Court's holding in *DeCosta III* that DeCosta's expansion into the television medium does him no good, as the record of litigation indicates that Viacom has the prior right to use the mark in television, is completely at odds with a prior decision of that Court. The Circuit Court has previously held that a prior finding of no likelihood of confusion arising from the concurrent uses of a mark at a given time will not bar a subsequent action if circumstances of the party's use has changed. *Sarah Coventry, Inc. v. T. Sardelli & Sons, Inc.*, 526 F.2d 20, 23 (C.A. 1 1975), cert. den., 426 U.S. 920, 96 S. Ct. 2626, 49 L. Ed. 2d 374 (1976). This holding appears to be in accord with the well-settled view that trademark infringement is a continuing tort, which gives rise to fresh causes of action, if future uses of the mark cause confusion *R.G. Barry Corp. v. Mushroom Makers, Inc.*, 436 N.Y. Supp.2d 927 (1981); H.R. Callman, *Law of Unfair Competition, Trademarks and Monopolies*, § 87.5.

In holding that a prior federal court finding of no infringement, based on earlier conduct of the same parties, did not bar a subsequent state court action, the court in *Barry* observed:

> "this (prior) judgment speaks only of the date of its entry . . . The court has already noted the latent

> potentiality that likelihood of confusion may with the passage of time become a reality. Given the rapid growth of the companies involved in the continued use by them of their marks on the respective products they sell, the defendant may arguably contend that a change of circumstances would justify relief to it as the senior user and bring another action charging plaintiff with infringement or unfair competition. (441 F.Supp. 1220, at 1234) See also, *King Research Inc. v. Shulton, Inc.*, 454 F.2d 66, 69 (C.A. 2 1972); *Polaroid Corp. v. Polaroid Electronics Corp.*, 287 F.2d 492 (C.A. 2 1961), cert. den., 368 US 820, 82 S. Ct. 36, 7 L.Ed. 2d 82 (1961)." *R.G. Barry Corp. v. Mushroom Makers, Inc.*, 436 N.Y.S.2d 927, 930 (1981).

In ruling that DeCosta's evidence does not show a significant change in his use of the mark, the Court of Appeals completely overlooked evidence in the record that DeCosta has made live appearances as Paladin in three-quarters of the United States since registration of his mark. This fact alone is a significant change from the Circuit Court's finding in *DeCosta II* that his prior uses of the mark were "localized" (whereas CBS's use was nationwide). *DeCosta v. Columbia Broadcasting System*, 520 F.2d 499, 514 (C.A. 1 1975). Moreover, the Circuit Court held that the significant new fact that DeCosta has made commercial use of his mark in the television medium has no bearing on consideration of whether changes of use have occurred which impact collateral estoppel.

The most unsettling aspect of the Circuit Court's ruling is that it announces a rule that no matter how significant changed circumstances may be, a prior finding of likelihood of confusion *forever* bars DeCosta from entering into Viacom's channel of trade. Such a holding is inconsistent with the Circuit Court's ruling in *Sarah Coventry, Inc. v. T. Sardelli & Sons, Inc.*, 526 F.2d 20, 23 (C.A. 1 1975), cert. den., 426 U.S. 920, 96 S. Ct. 2626, 49 L. Ed. 2d 374 (1976). The Circuit Court's decision is also directly at odds with rulings

of other Circuits on this issue and threatens the uniformity of decisions of the lower federal courts in such matters. The decision further confuses the standard of conduct of users of service marks nationwide by heightening conflict between decisions of the Circuit Courts of Appeal over the rights of a senior user to cross over into the channel of trade of a junior user.

B. Where A Senior User Of A Federally Registered Service Mark Crosses Over Into The Channel of Trade Of A Junior Concurrent User, The Likelihood Of Confusion Between The Uses Increases Where The Expansion Is Foreseeable And The Services Are Related

The law has long recognized the right of a senior user of a mark to cross-over into the channel of trade of a concurrent junior user. *Finchley, Inc. v. Finchley Co.*, 40 F.2d 736 (DC Md. 1929); *L.E. Waterman Co. v. Gordon*, 72 F.2d 272 (C.A. 2 1934); *Philadelphia Storage Battery Co. v. Mindlin*, 296 NYS 176 (1937); *Scarves by Vera, Inc. v. Todo Imports, Ltd.*, 544 F.2d 1167 (C.A. 2 1976); *C.L.A.S.S. Promotions, Inc. v. D.S. Magazines, Inc.*, 753 F.2d 14 (C.A. 2 1985).[1] These cases hold that, where a senior user crosses-over into the channel of trade of a junior concurrent user, the likelihood of confusion between the uses increases and, therefore, the junior user must yield. These holdings are directly conflicting with the *DeCosta III* holding. Here, DeCosta has bridged the gap between his use and Viacom's use. The uncontroverted evidence shows that DeCosta and Viacom now use the mark in the same entertainment medium, i.e., television. Moreover, there have been prior judicial findings by the Circuit Court in

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[1] An "intermediate" or "junior user" is one whose use is chronologically intermediate between the senior user's first use and the senior user's federal registration. J. Thomas McCarthy, *Trademarks and Unfair Competition*, 2d.Ed. § 26:18.

DeCosta I and *DeCosta II* and administrative findings by the Trademark Trial and Appeal Board that DeCosta is the senior user of the mark in commerce. In other Circuits, these facts would bear directly on proof of likely confusion. In the First Circuit, based on *DeCosta III*, these facts have no bearing on the issue of likely confusion.

To support its holding that Viacom has the prior right to use DeCosta's mark in television, the Court of Appeals relied on the all but obsolete *TEA ROSE-Rectanus* rule. *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 36 S. Ct. 357, 60 L.Ed. 713 (1916) (superseded by statute as observed in *Fox Trap, Inc. v. Fox Trap, Inc.*, 671 F.2d 636 (DC App. 1982); *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 39 S. Ct. 48, 63 L.Ed. 141 (1918) (superseded by statute as observed in *Fox Trap, Inc. v. Fox Trap, Inc.*, 671 F.2d 636 (DC App. 1982). The so-called *TEA ROSE-Rectanus* defense allowed a junior user of a nationally known mark to claim that he did not know of the senior user's mark. The defense only applied where the senior user's mark was not known to customers in a remote area at the critical date of the junior user's first good faith adoption and use. The *TEA ROSE-Rectanus* rule was founded on the principle that the senior user, when it does expand, must give way to the rights in the mark which have been established in good faith in a remote geographic area. J. Thomas McCarthy, *Trademarks and Unfair Competition*, 2d Ed., § 26:8. The *DeCosta III* Court's application of the *TEA ROSE-Rectanus* rule simply cannot be squared with its finding in *DeCosta I* that Viacom's privy, CBS, pirated DeCosta's mark, since the rule requires good-faith adoption.

Moreover, the very cases cited by the Circuit Court in support of its holding that Viacom has the prior right to use the mark in television make it clear that the *TEA ROSE-Rectanus* rule is inapplicable to federally registered marks. In

the *Value House* case cited by the Circuit Court, the Tenth Circuit Court of Appeals observed that registration of a mark under the Lanham Act:

> "is constructive notice of the registrant's claim of ownership and affords protection *which is nationwide* and not confined to areas of actual use of the mark. *Dawn Doughnut Co. v. Hart's Food Stores, Inc.*, 267 F.2d 358, 362 (C.A. 2 1959). Registration also brings the right to rely on the evidentiary presumptions of 15 U.S.C.A. § 1115, In re *Beatrice Foods Co.*, 429 F.2d 466, 472 (C.C.P.A. 1970), which include the registrant's *exclusive right to use*. Beyond affording nationwide protection, the constructive notice provision of § 1072 has eliminated the defense of a subsequent user that he had adopted the mark in his area in good faith and with lack of knowledge." See *Dawn Doughnut Co. v. Hart's Food Stores, Inc.*, supra, 267 F.2d at 362; *Sterling Brewing v. Cold Springs Brewing Corp.*, 100 F.Supp. 412, 418 (D. Mass. 1951). (emphasis supplied) *Value House v. Phillips Mercantile Company*, 523 F.2d 424, 429 (C.A. 10 1975).

While the Lanham Act provides that a party charged with infringement of a federally registered mark may raise the defense that it adopted the mark "without knowledge of the registrant's prior use", even where the mark has become incontestable, as DeCosta's has, that statutory defense has no application in this case. See *Value House v. Phillips Mercantile Company*, at 429; 15 U.S.C. § 1115 (a) and (b)(5). There is no evidence in the record that Viacom adopted DeCosta's mark without knowledge of his prior use. In fact, the District Court and jury specifically found bad faith use by Viacom. (A47, A56) Viacom was an active combatant in CBS's opposition to the registration of DeCosta's mark and has consistently argued that it is in privity with CBS. The Circuit Court acknowledged in both *DeCosta I* and *DeCosta II* that CBS had pirated DeCosta's mark and, hence, Viacom is chargeable with knowledge of DeCosta's prior use at the time it adopted

the mark and it cannot claim the benefit of 15 U.S.C. § 1115 (b)(5). *Southland Corp. v. Shubert*, 297 F.Supp. 477 (C.D. Cal., 1968). Additionally, there is no evidence in the record to support the Circuit Court's speculation that Viacom might have relied on *DeCosta II* or advice of counsel in adopting the mark. The trial judge specifically noted this lack of reliance evidence. (A47, A56) In any event, such evidence would not help Viacom, since a plain reading of 15 U.S.C. § 1115 (b)(5) makes it clear that simple knowledge of prior use defeats the statutory defense. See *Travelodge Corp. v. Siragusa*, 228 F.Supp. 238 (N.D. Ala, 1964), aff'd per curiam 352 F.2d 516 (C.A. 5 1965); *Decatur Federal Savings & Loan Association v. Peach State Federal Savings & Loan Association*, 203 U.S.P.Q. 406 (N.D. Ga., 1978).

The Circuit Court's reliance on the case of *Scott Paper Co. v. Scott's Liquid Gold, Inc.*, 589 F.2d 1225 (C.A. 3 1978), to support the proposition that Viacom has the prior right to use DeCosta's mark in television, is equally misplaced. That case held that where an otherwise non-distinctive mark, such as a surname, requires proof of secondary meaning and it is used on noncompeting goods, priority of trademark depends not upon which mark first obtained secondary meaning in general, but upon whether the plaintiff can prove that his mark possessed secondary meaning in the defendant's market, at the time the defendant commenced his use of the mark. *Id.* at 1231; see, also J. Thomas McCarthy, *Trademarks and Unfair Competition*, 2d Ed., § 16:12. This holding has no application here, since, as the Circuit Court has previously recognized, DeCosta's mark is so distinctive that it does not require proof of secondary meaning. *DeCosta v. Columbia Broadcasting System, Inc.*, 520 F.2d 499, 513 (C.A. 1 1975), cert. den., 423 U.S. 1073 (1976).

The Circuit Court's citation of the *TEA ROSE-Rectanus* rule for the proposition that Viacom has the prior right to use DeCosta's mark in television, also appears completely at odds with its ruling in *Raxton Corp. v. Anania Associates, Inc.*, 635

F.2d 924 (C.A. 1 1980). In *Raxton*, the holder of an unregistered, common law trademark alleged that a remote junior user of the mark was liable for trademark infringement. The junior remote user argued that it had adopted the mark in good faith. In an attempt to overcome the *TEA ROSE-Rectanus* defense raised by the junior user, the senior user argued that the junior user was an infringer, since its use fell within the senior user's territorial zone of natural expansion. The Circuit Court rejected the natural expansion zone theory as "at once unworkable, unfair, and, in the light of statutory protection available today, unnecessary." *Raxton Corp. v. Anania Associates, Inc.*, 635 F.2d 924, 930 (C.A. 1 1980). The Circuit Court reasoned that a senior user who desires greater territorial protection than its actual sales or reputation zones warrant, should avail itself of the nationwide protection available for federally registered marks. *Id.* at 930-931. Thus, in *Raxton*, the Circuit Court recognized that the *TEA ROSE-Rectanus* rule and its exceptions apply only to common law marks and that federally registered marks deserve greater protection (making its application of that rule in this case unfathomable).

As has been observed by Professor McCarthy:

> It is this important and vital right which the federal registrant obtains – the right to preempt all post-registration junior users in the nation once the registrant expands into a territory. That is what is meant by "nationwide" trademark rights for federal registrants. If the federal registrant proves no present likelihood of entry into the disputed area, there is no present likelihood of confusion in that area, and no grounds for injunction at that time . . . once the senior user-federal registrant shows a likelihood of entry into an area of the United States, he is entitled to an injunction against junior users in that area. That is, a likelihood of confusion flows directly from the proof of likelihood of entry by the registrant. . . . This "likelihood of entry" for a federal registrant is different from the fictional

> "zone of natural expansion" of the common law. "Likelihood of entry" denotes an immediate, impending entry of the federal registrant into the junior user's territory. J. Thomas McCarthy, *Trademarks and Unfair Competition*, 2d Ed., §§ 26:13 and 26:14.

The real issue in this case is not whether there are geographical boundaries between DeCosta's and Viacom's use of the mark. The real question is whether DeCosta, as the senior user of the mark in commerce, may expand his use from certain types of entertainment services to others. The Circuit Court has ruled that, since Viacom, the junior user, was the first to exploit the mark in television, an entertainment medium, DeCosta may not expand his services into that medium, and Viacom is immune from suit for any such use.

This rule clearly conflicts with that applied in other Circuits which have addressed this issue. Other Circuits have held that, where a senior and junior user of a mark deal in non-competing goods or services, where expansion by the senior user into the junior user's market is likely, and where the goods or services are related, the likelihood of confusion increases and the senior user has priority over the junior user. *Scarves by Vera, Inc. v. Todo Imports, Ltd.*, 544 F.2d 1167 (C.A. 2 1976); *A.M.F., Inc. v. Sleekcraft Boats*, 599 F.2d 341 (C.A. 9 1979); *Interpace Corporation v. Lapp, Inc.*, 721 F.2d 460 (C.A. 3 1983).

The analysis of the Courts in these cases focuses on whether non-competitive products are so related that confusion is likely as to source, connection or sponsorship. As the Ninth Circuit has ruled: "The [Defendant's] use need not be the same as, nor in competition with the original use. The question is, are the uses so related that they are likely to be connected in the mind of a prospective purchaser?" *Fleishmann Distilling Corp. v. Maier Brewing Co.*, 314 F.2d 149 (C.A. 9 1963), cert. den., 374 U.S. 830, 83 S. Ct. 1870, 10 L.Ed. 2d 1053 (1963); accord, *A.M.F., Inc. v. Sleekcraft Boats*, 599 F.2d 341 (C.A. 9 1979); J. Thomas McCarthy, *Trademarks and Unfair Competition*, 2d Ed. § 24:6.

This is a recurring issue in the lower federal courts, and there is a complete lack of uniformity among the Circuits as

to the tests to be applied in determining whether non-competitive goods are so related that a likelihood of confusion exists. The *Restatement of Torts*, § 731 sets forth nine factors relevant to such a determination. Each Circuit which has addressed the issue has adopted its own version of the restatement test "and each appears to be jealous of its own formulation of factors." J. Thomas McCarthy, *Trademarks and Unfair Competition*, 2d Ed. § 24:6; See, *e.g.*, *Polaroid Corp. v. Polaroid Electronics Corp.*, 287 F.2d 492 (C.A. 2 1961), cert. den., 368 U.S. 820, 82 S. Ct. 36, 7 L.Ed. 2d 25 (1961); *Union Carbide Corp. v. Eveready, Inc.*, 531 F.2d 366 (C.A. 7 1976), cert. den., 429 U.S. 830, 97 S. Ct. 91, 50 L.Ed. 2d 94 (1976); *Scott Paper Co. v. Scott's Liquid Gold, Inc.*, 589 F.2d 1225 (C.A. 3 1978); *A.M.F., Inc. v. Sleekcraft Boats*, 599 F.2d 341 (C.A. 9 1979); *Squirtco v. Seven-Up Co.*, 628 F.2d 1086 (C.A. 8 1980); *Armco, Inc. v. Armco Burglar Alarm Co.*, 693 F.2d 1155 (C.A. 5 1982); *Carson v. Here's Johnny Portable Toilets, Inc.*, 698 F.2d 831 (C.A. 6 1983). In fact, the Fourth Circuit appears to apply two tests, one a seven-factor test and the other the eight-factor so-called *Polaroid* test applied by the Second Circuit. *Pizzeria Uno Corp. v. Temple*, 747 F.2d 1522 (C.A. 4 1984); *Perini Corp. v. Perini Const., Inc.*, 915 F.2d 121 (C.A. 4 1990).

These varying tests often lead to inconsistent results in the lower federal courts. As McCarthy has observed:

> " . . . there is no doubt that two courts will often come to inconsistent results on the same mark which even the most skilled 'case distinguisher' cannot explain away. For example, how can one explain why a Louisiana Federal Court held no likelihood of confusion between ALLSTATE insurance and a local ALLSTATE mortgage broker, while a Texas Federal Court a few years later held that there was a likelihood of confusion between ALLSTATE insurance and a local ALLSTATE car wash company? One cannot rationalize or distinguish, on the basis of the marks and products alone, the Third circuit's decision that a local ALLSTATE driving school infringed the ALLSTATE insurance mark,

> with a decision of a New York federal district court that another local ALLSTATE driving school did not infringe the ALLSTATE insurance trademark. Obviously, more is at work here than an off-the-cuff comparison of marks and products. The effect of such decisions as precedent for later, even subtly different, factual situations is not as strong as in other areas of the law." *Allstate Insurance Co. v. Allstate Invest. Corp.*, 210 F. Supp. 25 (W.D. La. 1962), aff'd, 328 F.2d 608 (C.A. 5 1964); *Allstate Insurance Co. v. Allstate Ins. Co.*, 307 F. Supp 1161 (N.D. Tex. 1969); *Sears, Roebuck & Co. v. Johnson*, 219 F.2d 590 (C.A. 3 1955); *Sears, Roebuck & Co. v. Allstate Driving School, Inc.*, 301 F. Supp. 4 (E.D. N.Y. 1969). J. Thomas McCarthy, *Trademarks and Unfair Competition*, 2d Ed. § 24:10.

Therefore, had this case been decided in another Circuit, there is a likelihood that the outcome would have been different. Another Circuit could have determined that, in addition to the fact that the marks used by DeCosta and Viacom are identical, they have been used for essentially the same entertainment services, *i.e.*, appearances of the cowboy character "Paladin." Another Circuit could have decided that, although in the past DeCosta and Viacom have sold their services in separate markets, the entertainment services to which the mark has been attached are not only related, they are identical. Based upon the overwhelming, unrebutted evidence from two marketing experts in the record of this case that there is a likelihood of confusion as to sponsorship and source of DeCosta's and Viacom's services, another Circuit could have decided that DeCosta's entry into Viacom's market increased the likelihood of confusion. As a result, another Circuit could have decided that Viacom's use was an infringement, since DeCosta was the senior user of the mark in commerce, despite the fact that Viacom was the first to use the mark in the television medium.

C. DeCosta Proved "Likelihood Of Confusion" Based Upon The Parties' Post-Registration Uses Of The "Have Gun Will Travel – Wire Paladin" Service Mark, And This Factual Finding Should Have Been Reviewed Under The Clearly Erroneous Standard.

There is no dispute in the record of *DeCosta III* of the fact that DeCosta proved "likelihood of confusion" exists based upon the parties' post-registration uses of the "Have Gun Will Travel – Wire Paladin" service mark. The trial judge summarized the evidence of likelihood of confusion as follows:

> "As far as the likelihood of confusion argument is concerned, there was ample evidence from which the jury could conclude that such a likelihood has been established. Evidence was presented that Mr. DeCosta and his mark were known throughout the United States by virtue of the fact that he personally appeared in many states as Paladin and that he distributed thousands of calling cards and autographed photos of himself as Paladin both during those appearances and in response to letters he received from individuals around the country.
>
> "There was also evidence that the defendant's television program makes liberal use of a calling card that is virtually identical to that set forth in Mr. DeCosta's registered service mark. And it uses that card in association with a western character having the same name, that is to say Paladin. And a physical appearance that is practically indistinguishable from the western character created and portrayed by Mr. DeCosta in connection with the use of his mark . . . such finding is further supported by the evidence of actual confusion consisting of the letters received by Mr. DeCosta indicating that the authors of those letters believed him to be connected with the television show and by Mr. DeCosta's testimony to the effect that he was frequently asked about such a connection when he made personal appearances.

> "In addition, the results of the survey conducted by Professor Venkatesan . . . indicated that a majority of those persons surveyed who had seen the television show believed that there was a connection between Mr. DeCosta's Paladin and the program and that Mr. DeCosta's slogan and logo came from the television show.
>
> "Finally, there was evidence of reverse confusion in the form of Mr. DeCosta's testimony that people frequently expressed the belief to him that he was an imposter or an impersonator of the television Paladin and Mr. Swoegler's testimony that he initially held that belief himself upon meeting Mr. DeCosta." (A60-61 Trial Court Decision on Motion for New Trial)

In the First Circuit, the issue of "likelihood of confusion" is an issue of fact which may not be overturned unless clearly erroneous. *Sarah Coventry, Inc. v. T. Sardelli & Sons, Inc.*, 526 F.2d 20 (C.A. 1 1975), cert. den., 426 U.S. 920, 965 S. Ct. 2626, 49 L.Ed. 2d 374 (1976), *Keds Corp. v. Renee International Trading Corp.*, 888 F.2d 215 (C.A. 1 1989). The *DeCosta III* Court did not rule that the finding of "likelihood of confusion" by the jury and District Court was clearly erroneous. Thus, the record establishes that a likelihood of confusion exists based upon the post registration uses of the parties.

Whether a "likelihood of confusion" exists based upon the post registration uses of the parties was not and could not have been fully and fairly litigated in the previous *DeCosta II* litigation since those uses had not yet occurred. The *DeCosta II* litigation dealt only with a comparison of CBS' use in the first run of the television program (pre-syndication) and DeCosta's use of his mark during that time period. In *DeCosta III*, the uses involved are all post 1976, the date of DeCosta's federal registration. Therefore, the issue of whether those post 1976 uses of the mark gave rise to a likelihood of confusion could not have been fully and fairly litigated in the *DeCosta II* litigation which involved different uses during much earlier periods of time. Therefore, whether those uses give rise to a likelihood of confusion presents an

"issue of fact," a finding upon which may not be overturned unless clearly erroneous.

II. LEGAL PRESUMPTIONS ARISING FROM FEDERAL REGISTRATION AND INCONTESTIBLE STATUS OF A SERVICE MARK IMPACT THE BURDEN OF PROVING LIKELIHOOD OF CONFUSION SUCH THAT A PRIOR RULING OF NO LIKELY CONFUSION BASED ON PRE-REGISTRATION USES DOES NOT COLLATERALLY ESTOP A SERVICE MARK OWNER FROM LITIGATING THE ISSUE BASED ON POST-REGISTRATION USES

A. Collateral Estoppel and The Law of Trademarks

Viacom moved prior to trial to dismiss DeCosta's action on grounds that it was barred by the doctrines of *res judicata* and collateral estoppel. As the District Court noted, *res judicata* and collateral estoppel:

> " . . . are designed to establish a point at which litigation comes to an end. They serve three basic purposes: (1) promoting judicial economy by preventing repetitive litigation; (2) establishing certainty and respect to judgments; and (3) protecting the party relying upon the prior adjudication from vexatious litigation . . . On the other hand, neither *res judicata* nor collateral estoppel bars a party from seeking to vindicate rights or litigate issues not encompassed by the prior suit." *DeCosta v. Viacom Int'l.*, 758 F. Supp. 807, 811 (D.R.I. 1991). (A 31-32).

The principles of collateral estoppel upon which both the District Court and the First Circuit relied are set forth in the *Restatement (Second) of Judgments*, § 17 as follows:

> "A valid and final personal judgment is conclusive between the parties, except on appeal or other direct review, to the following extent:
>
> '(3) A judgment in favor of either the Plaintiff or the Defendant is conclusive, in a subsequent action between them on the same or a

> different claim, with respect to any issue actually litigated and determined, if its determination was essential to that judgment (See § 27).' "

Restatement (Second) of Judgments, § 17, cited by *DeCosta v. Viacom Int.'l.*, 758 F. Supp. 807, 812 (D.R.I. 1991) (A33).

The District Court recognized these principles. However, it also observed that:

> " . . . *res judicata* does not bar a plaintiff from seeking redress for post-judgment acts, even though similar injuries and/or legal theories are asserted in both suits. Thus, the Restatement recognizes that events taking place *after* the prior litigation is concluded may 'comprise a transaction which may be made the basis of a second action not precluded by the first.' "

DeCosta v. Viacom Int.'l., 758 F. Supp. 807, 812 (D.R.I. 1991) (citing *Restatement (Second) of Judgments*, § 24, comment (f) (A35).

In applying these principles to DeCosta's claims against Viacom, the District Court further wrote:

> " . . . *DeCosta I* and *DeCosta II* held only that CBS was not liable for broadcasting the 'Have Gun Will Travel' series during the period before the suit was brought. Those decisions did not vest CBS with any property interest in DeCosta's creation, nor any license to continue exploiting it even after DeCosta registered his mark . . . Viacom's syndication of the series occurred after the original broadcasts which were the subject of the previous suit had been completed. Therefore, the two clusters of conduct are at least temporally distinct . . . This case is not based on acts committed prior to the antecedent litigation and selectively omitted from it. Rather it is a case based on acts that the defendant had not yet committed when the first suit was litigated."

DeCosta v. Viacom Int.'l., 758 F. Supp. 807, 813 (D.R.I. 1991) (A36).

The District Court recognized that the federal trademark rights at issue in the present action did not even exist when

DeCosta I and *DeCosta II* were decided. The District Court concluded:

> "Moreover, the *federal* trademark infringement rights that DeCosta seeks to vindicate in this case did not exist when *DeCosta I* and *DeCosta II* were decided, because he did not register his mark until after that time . . . DeCosta's registration of his mark vested him with new rights under the Lanham Act that he did not possess when the previous suit was decided. Since those rights and the conduct allegedly violating them both postdate *DeCosta I* and *DeCosta II*, the federal claims are not part of the same transaction underlying the prior litigation."

Id. (A36-37)

As to Viacom's argument that collateral estoppel prevented DeCosta from relitigating issues previously decided, the District Court addressed the same issue which the First Circuit subsequently considered in *DeCosta III*. The District Court framed the issue as follows:

> "Viacom points out that likelihood of confusion is an essential element of the trademark infringement and unfair competition claims, and that the Court in *DeCosta II* specifically found the evidence insufficient to establish that element. Accordingly, Viacom argues that DeCosta is collaterally estopped from asserting those claims."

DeCosta v. Viacom Int'l., 758 F. Supp. 807, 814 (D.R.I. 1991) (A38).

The District Court, in denying the Motion to Dismiss, correctly and succinctly disposed of that argument. The Court wrote:

> "That argument fails to take into account the intervening events that have materially altered the legal principles governing the resolution of the likelihood of confusion issue. The First Circuit's holding in *DeCosta II* was predicated on what it found to be a 'paucity' of evidence that the public would be confused as to the origin of the Paladin character. Since then, DeCosta has registered his mark,

which establishes a rebuttable presumption of likely confusion that did not exist when *DeCosta II* was decided. In *American Heritage Life Insurance Co. v. Heritage Life Insurance Co.*, 494 F.2d 3 (C.A. 5 1974), the Fifth Circuit explained the effect of registration as follows:

> 'Under the [Lanham] Act, registration is *prima facie* evidence of the registrant's ownership of the mark, and of the registrant's exclusive right to use the mark in commerce in connection with the services specified in the Registration Certificate. Thus, registration is sufficient to establish *prima facie* (1) the required prior use, (2) of a registrable mark, (3) which is likely to be confused with another's use of the same or a similar mark.' *American Heritage Life Insurance Co. v. Heritage Life Insurance Co.*, 494 F.2d at 10 (citations omitted).

"DeCosta's registration and apparent use of his mark since 1975 also impacts the 'likelihood of confusion' calculus in another way. One of the factors to be considered in determining likelihood of confusion is the strength of the plaintiff's mark (citations omitted). Use of a mark for five consecutive years subsequent to registration makes the mark incontestible (citation omitted). Incontestability, in turn, creates a presumption that the mark is a relatively strong one for purposes of the likelihood of confusion analysis. *Dieter v. B & H Ind.*, 880 F.2d 323 (C.A. 11 1989), cert. den., ___ U.S. ___, 111 S. Ct. 369, 112 L.Ed. 2d 332 (1990) (additional citations omitted).

"As the *Dieter* Court stated:

> 'We hold that incontestible status is a factor to be taken into consideration in likelihood of confusion analysis. Because [the Plaintiff's] mark is incontestible, then it is presumed to be at least descriptive with secondary meaning and therefore a relatively strong mark.' *Dieter v. B & H Ind.*, 880 F.2d at 329."

DeCosta v. Viacom Int'l., 758 F. Supp. 807, 814 (D.R.I. 1991) (A38-39).

Based upon this rationale, the District Court held that there had been a change in the applicable legal context regarding proof of the issue of likelihood of confusion such that collateral estoppel did not apply. The Court concluded:

> "These factors constitute precisely the kinds of '[c]hange in applicable legal context' that the *Restatement* recognizes as exceptions to the general rule of issue preclusion." See, *Restatement (Second) of Judgments*, § 28, Comment (c).
>
> "Thus, § 28 provides:
>
> > 'Although an issue is actually litigated and determined by a valid and final judgment, and the determination is essential to the judgment, relitigation of the issue in a subsequent action between the parties is not precluded in the following circumstances:
> >
> > > "(4) The party against whom preclusion is sought had a significantly heavier burden of persuasion with respect to the issue in the initial action than in the subsequent action; the burden has shifted to his adversary; or the adversary has a significantly heavier burden than he had in the first action . . . **Restatement (Second) of Judgments**, § 28(4).'
> >
> > 'Comment (f) explains the rationale for that exception as follows:
> >
> > > "(f) *Differences in the burden of persuasion (Subsection (4))*. To apply preclusion in the cases described in Subsection (4) would be to hold, in effect, that the losing party in the first action would also have lost had a significantly different burden been imposed . . . Since the process by which the issue was adjudicated cannot be reconstructed on the basis of a new and different burden, preclusive effect is

> properly denied. *Restatement (Second) of Judgments* § 28, Comment (f)." ' "

Id. at 814-15 (A40-41).

The District Court further concluded:

> "In a nutshell, although the issue in the prior litigation in this case is nominally the same, the context in which it arises is materially different, and the difference could easily affect the outcome in this case. The presumptions regarding likelihood of confusion and the strength of DeCosta's mark are significant new elements in the equation that did not exist when *DeCosta I* and *DeCosta II* were decided. Together, they so alter the mix of factors bearing on likelihood of confusion, that the prior resolution of the issue does not bar DeCosta's trademark infringement or unfair competition claims in this case."

DeCosta v. Viacom Int'l., 758 F. Supp. 807, 815 (D.R.I. 1991) (A41).

The District Court also concluded that the misappropriation claim which is embodied in the unfair competition counts was not barred by the prior litigation. The common law unfair competition claim for misappropriation was not barred by the doctrine of collateral estoppel because:

> " . . . collateral estoppel only applies to issues 'actually litigated and determined' in the previous suit. In *DeCosta I*, the First Circuit never reached the question of whether DeCosta had proved the elements of his substantive misappropriation claim. Instead, it rejected that claim on the ground that the common law basis for it had been preempted by Article I, Section 8, Cl. 8, of the United States Constitution, *Columbia Broadcasting System v. DeCosta*, 377 F.2d at 319, an interpretation that it later acknowledged to be 'over-inclusive.' *DeCosta v. Columbia Broadcasting Inc.*, 520 F.2d at 510.
>
> "In sum, the issues presented in this case are either different from those addressed in *DeCosta I* and *DeCosta II*, due to intervening changes in the applicable legal framework, or they are issues that were not previously litigated and determined.

> Accordingly, the Plaintiff is not collaterally estopped from maintaining this action."

Id., at 815 (A42).

It has been observed that, in trademark cases, *res judicata* must be carefully applied "since the facts of trademark usage and consumer recognition may have changed since the prior judgment was rendered." J. Thomas McCarthy, *Trademarks and Unfair Competition*, 2d Ed., § 32:27. McCarthy writes:

> " . . . that is, the '*res*,' or thing decided in Case No. 1, may have changed in the time period between adjudication of Case No. 1 and the adjudication of Case No. 2. As Judge Rich of the CCPA has observed:
>
> 'Rights in this field do not stay put. They are like ocean beaches; they shift around. Public behavior may affect them.' "

J. Thomas McCarthy, *Trademarks and Unfair Competition*, 2d Ed. § 32:27

As previously argued in this petition, trademark infringement is a continuing tort which gives rise to a fresh cause of action so long as the infringement exists. Based upon this rationale, a ruling of no likelihood of confusion based upon uses prior to that judgment does not bar subsequent litigation over whether likelihood of confusion exists based upon subsequent uses. An illustration of this principle is contained in the *Restatement (Second) of Judgements*, § 27, Comment (h), Illustration 14 (1982):

> "A, as the owner of a trademark, brings an action against B for infringement. B denies the validity of the trademark and denies infringement. The court finds that the trademark is valid, but that B had not infringed it, and gives judgment for B. Thereafter, A brings an action against B alleging that, since the rendition of the judgment, B infringed the trademark. B is not precluded from defending this action on the ground that the trademark is invalid."

Although this illustration deals directly with the non-essential nature of the finding of validity, it illustrates the fact

that subsequent infringement actions may be brought despite prior judgments finding no infringements based upon prior uses.

B. The *DeCosta III* Holding That The Presumptions Raised By Federal Registration And Incontestability Do Not Impact The Likelihood Of Confusion Analysis Directly Conflicts With Holdings In Other Circuits, With The District Court Holding, And With The Language of the Lanham Act.

In its analysis of the adjudicative effect of the prior litigation, the *DeCosta III* Court stated:

> "Each of Mr. DeCosta's claims now before us depends, for its success, upon his winning an issue now that he lost before, in his litigation against CBS. In particular, we held that he had failed to show a 'likelihood' of buyer 'confusion' between his 'Paladin' character and that of CBS. That issue was 'essential' to CBS' victory in the earlier action. Mr. DeCosta had a 'full and fair opportunity to litigate' that issue in the earlier litigation."

DeCosta v. Viacom Int'l., 91-2211 (C.A. 1 12/17/92) (A5).

This statement misapprehends the continuing nature of an infringement action. As the District Court noted, it is a comparison of the uses which determines likelihood of confusion. The issue of whether post-registration uses cause likelihood of confusion could not have been litigated in *DeCosta I* and *DeCosta II* as those uses had not yet occurred.

The *DeCosta III* Court was compelled to recognize that:

> "DeCosta is right that a change in relevant 'burden of proof' rules can transform a legal issue, permitting relitigation of an issue that 'collateral estoppel' otherwise would bar." See, *Restatement (Second) of Judgments*, § 28(4).

However, it concluded, in conflict with other Circuits, that registration and incontestability do not impact the burden of proof of likelihood of confusion. *American Heritage Life Insurance Co. v. Heritage Life Insurance Co.*, 494 F.2d 3 (C.A. 1974); *Dieter v. B & H Ind.*, 880 F.2d 323 (C.A. 11

1989), cert den., ___ U.S. ___, 111 S. Ct. 369, 112 L.Ed. 2d 332 (1990). The Circuit Court stated that it was not aware of any reason why registration should significantly affect the burden of proof about confusion. *DeCosta v. Viacom Int'l.*, 91-2211 (C.A. 1 12/17/92) (A7).

This decision also conflicts with the language of the Lanham Act itself. The Lanham Act provides that registration on the Principal Register is *prima facie* evidence of the registrant's ownership and exclusive right to use the mark. *Lanham Act* § 7(b), 15 U.S.C. § 1057(b); *Lanham Act* § 33(a), 15 U.S.C. § 1115(a). Registration on the Principal Register is also *prima facie* evidence of proof of continual use of the mark, dating back to the filing date of the application for registration. *J.C. Hall Co. v. Hallmark Cards, Inc.*, 52 CCPA 981, 340 F.2d 960 (1965); *Rolley, Inc. v. Younghusband*, 204 F.2d 209 (C.A. 9 1953); *Chemtron Corp. v. Matsuo Electric Co.*, 153 U.S.P.Q. 372 (T.T.A.B. 1967). Registration has been held to be *prima facie* evidence that the mark is not confusingly similar to other registered marks. *Liberty Mutual Insurance Co. v. Liberty Insurance Co.*, 185 F. Supp. 895 (E.D. Ark. 1960). Registration is *prima facie* evidence that the mark has acquired secondary meaning. *Pic Design Corp. v. Bearings Specialty Co.*, 436 F.2d 804 (C.A. 1 1971). Registration is *prima facie* evidence that the mark has been used in interstate commerce prior to registration. *Maternally Yours, Inc. v. Your Maternity Shop, Inc.*, 234 F.2d 538 (C.A. 2 1956). The Second Circuit Court of Appeals has interpreted the *prima facie* effect of a registration as meaning that a party contesting a mark not only has the burden of going forward, but that there is a strong presumption of validity so that the party contesting the mark "must put something more into the scales than the registrant." *Aluminum Fabricating Co. v. Seasonall Window Corp.*, 259 F.2d 314 (C.A. 2 1958).

Principal Register registration is constructive notice of a claim of ownership so as to eliminate any good faith adoption defense. *Lanham Act* § 22, 15 U.S.C. § 1072. When a mark becomes incontestible under the *Lanham Act* by virtue of its use for five consecutive years in commerce, and the filing of

the incontestability affidavit, such an incontestible registration is *conclusive evidence* of the registrant's exclusive right to use the mark, subject only to certain statutory defenses. *Lanham Act* § 15, 15 U.S.C. § 1065; *Lanham Act* § 33(b), 15 U.S.C. § 1115(b).

Many of these presumptions impact the burden of proof in an infringement action. None of these presumptions existed in the *DeCosta I* and *DeCosta II* cases, prior to registration of DeCosta's mark. Additionally, the incontestable status of DeCosta's mark did not exist in the prior litigation and changed DeCosta's burden of proof in his action against Viacom.

CONCLUSION

The Circuit Court's decision in this matter overlooks or declares as without legal effect significant changes in DeCosta's use of his mark. The decision conflicts with the Circuit Court's decisions in *Sarah Coventry, Inc. v. T. Sardelli & Sons, Inc.*, 526 F.2d 20, 23 (C.A. 1 1975), cert. den., 426 U.S. 920, 965 S. Ct. 2626, 49 L.Ed. 2d 374 (1976) and *Raxton Corp. v. Anania Associates, Inc.*, 635 F.2d 924, 930 (C.A. 1 1980). The Circuit Court's decision also conflicts with decisions of other Circuit Courts of Appeals. *Scarves by Vera, Inc. v. Todo Imports, Ltd.*, 544 F.2d 1167 (C.A. 2 1976); *A.M.F., Inc. v. Sleekcraft Boats*, 599 F.2d 341 (C.A. 9 1979); *Interpace Corporation v. Lapp, Inc.*, 721 F.2d 460 (C.A. 3 1983); *American Heritage Life Insurance Co. v. Heritage Life Insurance Co.*, 494 F.2d 3 (C.A. 5 1974); *Dieter v. B & H Ind.*, 880 F.2d 323 (C.A. 11 1989), cert den., ___ U.S. ___, 111 S. Ct. 369, 112 L.Ed. 2d 332 (1990). The decision of the Circuit Court announces a rule that no matter how significant changed circumstances may be, a prior finding of likelihood of confusion forever bars the senior user of a service mark, which is later registered and has become incontestible, from entering into the channel of trade of a junior concurrent user or from using such expansion as the basis for a finding of likelihood of confusion.

The Circuit Court has also misapplied rules announced in decisions of this Honorable Court, which predate the Lanham Act and has erroneously used them to limit the protections available to the owner of a federally registered service mark under the Act.

This decision heightens a conflict among the Circuit Courts of Appeal and impacts upon the conduct of every owner of a federally registered service mark who desires to expand, or actually expands, the uses of their marks. Depending upon the Circuit in which the expansion takes place, the senior user may or may not have the right to preclude a junior user from using the mark or establish infringement based upon the senior user's expansion. This policy conflict must be resolved to insure the orderly conduct of service mark usage nationwide. For these reasons, Plaintiff-Petitioner respectfully requests that this Court issue its Writ of Certiorari to the Circuit Court and review that Court's decision in this matter.

Respectfully submitted,

David DeCosta,
Executor of the Estate
of Victor DeCosta,
Petitioner,
By his Attorneys,

Visconti & Petrocelli Ltd.
Richard W. Petrocelli, Esq.
Mark J. Hagopian, Esq.
55 Dorrance Street
Providence, RI 02903
(401) 331-3800

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United States Court of Appeals
For the First Circuit

No. 91-2211

VICTOR DeCOSTA,

Plaintiff, Appellee,

v.

VIACOM INTERNATIONAL, INC.,

Defendant, Appellant.

APPEAL FROM THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF RHODE ISLAND

[Hon. Ernest C. Torres, *U.S. District Judge*]

Before

Breyer, *Chief Judge*,
Coffin, *Senior Circuit Judge*,
and Cyr, *Circuit Judge*.

Robert M. Callagy with whom *Satterlee Stephens Burke & Burke* and *Jan R. Uhrbach* were on brief for appellant.

Richard W. Petrocelli with whom *Mark J. Hagopian* and *Visconti & Petrocelli Ltd.* were on brief for appellee.

December 17, 1992

BREYER, *Chief Judge*. More than thirty years ago, between 1957 and 1964, CBS provided television stations with a program called "Have Gun – Will Travel." The program starred "Paladin," a fictional cowboy who dressed in black, carried a derringer pistol, and handed out calling cards with a picture of a chess knight. More than forty years ago, beginning in 1947, Victor DeCosta, the plaintiff in this case, began to appear, as a cowboy, at rodeos, hospitals, and charitable events. DeCosta dressed in black, carried a derringer pistol, handed out cards with a picture of a chess knight, and called himself "Paladin." In 1963 DeCosta sued CBS, claiming it had unlawfully copied his idea. Eventually, this court decided that CBS may have copied DeCosta's idea, but, the laws under which DeCosta had sued did not prohibit CBS from doing so. This court held that DeCosta had failed to prove a violation of trademark, or other relevant, laws. *Columbia Broadcasting System, Inc. v. DeCosta*, 377 F.2d 315 (1st Cir.) [hereinafter *DeCosta I*], *cert. denied*, 389 U.S. 1007 (1967); *DeCosta v. Columbia Broadcasting System, Inc.*, 520 F.2d 499 (1st Cir. 1975) [hereinafter *DeCosta II*], *cert. denied*, 423 U.S. 1073 (1976).

DeCosta has now sued again. He has sued Viacom, a company that CBS created, and to which it assigned re-run rights for the old Paladin programs. He again complains that CBS copied his idea; and he says that Viacom, by broadcasting the old CBS programs, has violated federal and state trademark and unfair competition laws. 15 U.S.C. §§ 1114(1), 1125(a). The district court permitted the suit to proceed. *DeCosta v. Viacom Int'l, Inc.*, 758 F. Supp. 807 (D.R.I. 1991). A jury found in DeCosta's favor.

And, Viacom appeals. In our view, DeCosta's new suit depends for its success upon relitigating issues that this court already has decided against him. And, for that reason, the doctrine of "collateral estoppel" bars his new claims. We therefore reverse the district court and order judgment for the defendant.

I

DeCosta's Basic Legal Problems

When Mr. DeCosta first sued, many years ago, CBS claimed that it had not copied his "Paladin" character. Rather, CBS said, both "Paladin's" found their origin, independently, in the same historical sources. A jury, however, rejected CBS's argument. And, ever since, the courts have proceeded on the assumption that CBS, in fact, did copy Mr. DeCosta. Why, then, has Mr. DeCosta not succeeded in obtaining compensation?

The answer to this question ultimately rests upon the fact that the law does not always consider harmful, or always make unlawful, the copying by one person of the creation of another. Free, uncontrolled copying may, of course, prove harmful. It can discourage the creation of new, valuable ideas, works, or products, by diminishing the creator's monetary reward. It can cause commercial confusion, as a copier tries to take advantage of the good will attached to another's name. Free, uncontrolled copying, however, may also prove beneficial. It can promote the widespread dissemination of new works or ideas. "Education . . . proceeds from a kind of mimicry, and 'progress,' if it is not entirely an illusion, depends on generous indulgence of copying." Benjamin Kaplan, *An*

Unhurried View of Copyright 2 (1966). Some creators, say, novelists or dramatists, rightly expect compensation from those who buy or use their creations. Other creators, say, academic scientists, teachers, or certain commercial innovators (e.g., the inventor of the supermarket) expect others to copy, and to use, their ideas free of charge.

The result is a need for balance. Courts and legislators have responded to that need with separate, discrete bodies of intellectual property law, each with its own rules. The laws of patents, copyright, trade secrets, trademarks, unfair competition, and misappropriation balance the conflicting interests in protection and dissemination differently in different contexts through specific rules that determine just who will receive protection, of just what kind, under what circumstances, and for how long. *See generally WCVB-TV v. Boston Athletic Ass'n*, 926 F.2d 42, 45 (1st Cir. 1991).

Mr. DeCosta's original legal problem lay in his inability to bring his case within a particular set of protective rules. Copyright law, for example, might in principle have offered protection for his "Have Gun – Will Travel" calling card, but he had brought that card into the "public domain" by distributing it widely, without giving the kind of specific "copyright" notice that federal copyright law requires. *DeCosta I*, 377 F.2d at 321. Nor was he able to show the type of "confusion" between products essential to success on his trademark, and most of his other, claims. *DeCosta II* 520 F.2d at 513-15.

Mr. DeCosta's present legal problem lies in the fact that he previously sued CBS and lost. The traditional legal doctrine of "collateral estoppel" bars relitigation of

any issue that, 1) a party had a "full and fair opportunity to litigate" in an earlier action, and that, 2) was finally decided in that action, 3) against that party, and that, 4) was essential to the earlier judgment. *See Restatement (Second) of Judgments* §§ 27, 29 (1982). Each of Mr. DeCosta's claims now before us depends, for its success, upon his winning an issue now that he lost before, in his litigation against CBS. In particular we held that he had failed to show a "likelihood" of buyer "confusion" between his "Paladin" character and that of CBS. That issue was "essential" to CBS's victory in the earlier action. Mr. DeCosta had a "full and fair opportunity to litigate" that issue in the earlier litigation. And, Viacom, as CBS's successor, here stands in the shoes of CBS.

Mr. DeCosta's argument on this appeal consists of an attempt to escape the bonds of "collateral estoppel" through a claim that legal and factual changes since 1975 (when we decided *DeCosta II*) make the "confusion" issue, in essence, a new one. *See Restatement (Second) of Judgments* § 27, cmt. c; § 28(2) (b), (4) (collateral estoppel does not bar relitigation of an issue transformed by significant factual or legal changes). After considering Mr. DeCosta's arguments in detail, however, we find no legally significant change.

II

Trademark Registration

Trademark law seeks to prevent one seller from using the same "mark" as – or one similar to – that used by another in such a way that he confuses the public about who really produced the goods (or service). Confusion

may prevent the buyer from obtaining the goods he really wants. It may also jeopardize the commercial reputation of the senior (first) user, which might be tarnished by association with the junior (subsequent) user. To win a trademark case, a plaintiff must show 1) that he uses, and thereby "owns," a mark, 2) that the defendant is using that same or a similar mark, and 3) that the defendant's use is likely to confuse the public, thereby harming the plaintiff. *See, e.g., Dieter v. B & H Indus. of Southwest Florida*, 880 F.2d 322, 326 (11th Cir. 1989), *cert. denied*, 111 S. Ct. 369 (1990); *WCVB-TV*, 926 F.2d at 45; *Astra Pharmaceutical Prods., Inc. v. Beckman Instruments, Inc.*, 718 F.2d 1201, 1205, 1209 (1st Cir. 1983); *Pignons S.A. de Mecanique v. Polaroid Corp.*, 657 F.2d 482, 486-87 (1st Cir. 1981); *W.W.W. Pharmaceutical Co. v. Gillette Co.*, 23 U.S.P.Q.2d 1609, 1614, 1621 (S.D.N.Y.), *reaff'd, amended in other respects*, 1992 U.S. Dist. LEXIS 10053 (S.D.N.Y. July 11, 1992); *Merritt Forbes & Co. v. Newman Investment Securities, Inc.*, 604 F. Supp. 943, 956 (S.D.N.Y. 1985); *but cf.* 15 U.S.C. § 1051(b) (creating an exception, not presently relevant, to the use requirement). DeCosta, as we have said, previously failed to show a "likelihood" of public "confusion" between the "mark" (i.e., the "Have Gun – Will Travel" and "Wire Paladin" phrases and the chess knight sign) as he used it, and the same "mark" as used by CBS. DeCosta argues that the legal "confusion" issue in the case before us differs from the issue in his earlier 1975 case because, in 1976, he registered his mark. *Columbia Broadcasting System, Inc. v. DeCosta*, 192 U.S.P.Q. 453 (T.T.A.B. 1976). The fact of registration, he says, changes the legal "burden of proof" rules, making it legally easier for a plaintiff to show "likelihood of confusion." *See*

American Heritage Life Ins. Co. v. Heritage Life Ins. Co., 494 F.2d 3, 10 (5th Cir. 1974). That legal change transforms the old legal issue into a new one.

DeCosta is right that a change in relevant "burden of proof" rules can transform a legal issue, permitting relitigation of an issue that "collateral estoppel" otherwise would bar. *See Restatement (Second) of Judgments* § 28(4). But, we can find no such relevant transformation here. Registration consists of persuading the Trademark Board to issue an appropriate "certificate." 15 U.S.C. §§ 1051, 1057(a). The relevant statute says that the certificate becomes "prima facie evidence" of the mark's "registration," of its "validity," of "the registrant's ownership," and of the "registrant's exclusive right to use the mark . . . in connection with the goods or services specified in the certificate." 15 U.S.C. § 1057(b). The statute also says that, in certain circumstances, "registration" makes the "registrant's right to use" the mark "incontestable." 15 U.S.C. § 1065. But, the statute nowhere says that registration makes it easier for a registrant (with a conceded right to use a concededly valid mark that he concededly owns) to prove that a relevant buying public may confuse some other person's mark with his own.

Nor are we aware of any reason why registration here should significantly affect the proof about confusion. To decide whether buyers are likely significantly to confuse two different marks, a court will examine 1) their similarity, 2) the similarity of the underlying goods or services, 3) the relation of the "channels" through which the parties "trade," 4) the relation of the parties' advertising, 5) the kinds of prospective buyers, 6) evidence of actual confusion, 7) the defendant's reasons for using the

mark, and 8) the strength of the plaintiff's mark. *Boston Athletic Ass'n v. Sullivan*, 867 F.2d 22, 29 (1st Cir. 1989); *Volkswagen Aktiengesellschaft v. Wheeler*, 814 F.2d 812, 817 (1st Cir. 1987); *Astra*, 718 F.2d at 1205; *Pignons*, 657 F.2d at 487; *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir.), *cert. denied*, 368 U.S. 820 (1961). The fact of registration, at most, relates to one aspect of the last mentioned factor, the plaintiff's mark's strength.

The particular relation of registration to "strength" concerns what trademark jargon calls "secondary meaning." That term refers to a word's, or a sign's, ability to tell the public that the word or sign serves a special trademark function, namely, that it denotes a product or service that comes from a particular "source." Words and phrases, in ordinary, non-trademark, use normally pick out, or refer to, particular individual items that exhibit the characteristics that the word or phrase connotes (without specific reference to the item's source). The phrase "white eagle," as ordinarily used on a particular occasion, for example, would pick out from a nearby flock of birds, the bird that has white, and eagle-like, characteristics. The phrase "white eagle" in trademark use, however, would denote, or refer to, something special, something other than a white eagle, such as, for example, a beer – "White Eagle Beer" – and, in doing so, it would signify that the item comes from a particular source, say, the White Eagle Company, a Milwaukee brewery. And, insofar as the public takes the word, or sign, to refer to a product or service with a particular source (indeed, a product or service that, for example, might be neither white, nor like an eagle), the word, or sign, has "secondary meaning." Registration relates to

strength in that it helps a court conclude that a particular mark, in fact, does possess such "secondary meaning," which is simply to say that it helps a court conclude that a particular set of words or signs does indeed act like a trademark. *Dieter*, 880 F.2d at 329; *Wynn Oil Co. v. Thomas*, 839 F.2d 1183, 1187, 1190 (6th Cir. 1988); *Keds Corp. v. Renee Int'l Corp.*, 888 F.2d 215, 220-21 (1st Cir. 1989); *cf. New Kids on the Block v. News America Publishing, Inc.*, 23 U.S.P.Q.2d 1534, 1535 (9th Cir. 1992) (describing the primary purpose of trademarks as "to identify the source of goods and services").

That "strength" relates to confusion and registration "relates" (in this way) to strength, however, does not help DeCosta. The "strength" of DeCosta's mark was not an issue before us in the earlier cases. This court assumed in its opinions that DeCosta's mark had a secondary meaning. It specifically said that his mark is "distinctive enough so that proof of secondary meaning is not essential," and that, "at least among some people, plaintiff's name and card had come to be associated with him." *DeCosta II*, 520 F.2d at 513. It went on to find no relevant "confusion," even assuming a mark as strong as registration might have forced it to assume. Thus, the fact of later registration, insofar as it helps establish that the mark has a "secondary meaning," adds nothing significantly new.

We concede that, in one of the cases that DeCosta cites, the court said that "registration is sufficient to establish prima facie (1) the required prior use (2) of a registrable mark (3) which is *likely to be confused* with another's use of the same or a similar mark." *American Heritage*, 494 F.2d at 10 (emphasis added). The underlined phrase, however, likely refers simply to the mark's

"strength," in which case the phrase is consistent with holdings in other courts. *Dieter*, 880 F.2d at 329; *Wynn*, 839 F.2d at 1187, 1190; *Keds*, 888 F.2d at 220-21. If it means more than that, we do not understand the theory behind it, and we do not follow it. Rather, we agree with the Seventh Circuit, that, in the case before us, "the procedural advantages conferred by registration are [not] substantial, at least in the context of determining the issue of likelihood of confusion. Therefore, we see no inequity in applying collateral effect to the [prior] decision [that likelihood of confusion was not shown]." *EZ Loader Boat Trailers, Inc. v. Cox Trailers, Inc.*, 746 F.2d 375, 379 (7th Cir. 1984). In sum, the "new" fact of registration does not warrant relitigating the "likelihood of confusion" issue.

III

Reverse Confusion

DeCosta next argues that collateral estoppel does not bind him because, since 1975, there has occurred a "modification or growth in legal principles [that] effect a significant change" in the law. *See Commissioner of Internal Revenue v. Sunnen*, 333 U.S. 591, 600 (1948); *Restatement (Second) of Judgments* § 28(2) (b). His "new" case, he adds, rests upon a claim that Viacom's present use of "Paladin" would violate this "new" law, not "old," pre-1975, legal doctrine. Hence, the fact that the behavior of CBS (Viacom's predecessor) was lawful before 1975 tells us nothing about Viacom's similar behavior today.

DeCosta finds these "new" legal principles in an area of trademark law called "reverse confusion," an area in

which a plaintiff claims that the public will confusedly think that the plaintiff's product emanates in some way from the defendant, rather than the (more ordinary) contrary. An imaginary example may help explain the concept.

Suppose that Tom, in 1970, established a knife company, which used the trademarked name "SupR-Chopper." Later, say, in 1975, Mary established an electric kitchen-blender company, and she used the same "SupR-Chopper" name on her kitchen-blenders. In 1980, Tom sues Mary. To win, Tom must show "confusion." In a traditional trademark confusion case, Tom will claim that Mary's kitchen-blender customers may confusedly think that he, Tom, has expanded into the kitchen-blender business, either directly or by "sponsoring" (i.e., authorizing) Mary to use the "SupR-Chopper" name. If they think that he, Tom, makes (or sponsors) the kitchen-blender, their dissatisfaction with Mary's kitchen-blenders may harm the reputation of Tom's knives; or, even if Mary makes a fine product, insofar as her customers are moved to buy Mary's product because they associate Tom with Mary's product, they thereby permit Mary to take a "free-ride" on the work and investment that Tom made in order to develop a positive image for the name "SupR-Chopper." *See, e.g., S.C. Johnson & Son, Inc. v. Johnson*, 175 F.2d 176, 180 (2d Cir.), *cert. denied*, 338 U.S. 860 (1949) (recognizing trademark owner's legitimate claim to protection from "the possibility that the trade practices of the second user may stain the owner's reputation in the minds of his customers"); *Triangle Publications, Inc. v. Rohrlich*, 167 F.2d 969, 972 (2d Cir. 1948) (prohibiting defendant's attempt to

profit from "the erroneously supposed sponsorship of the plaintiff").

The less typical, "reverse confusion," case involves somewhat different circumstances. In such a case, Tom is worried that his knife customers will wrongly think that Mary makes, or "sponsors" his, Tom's, kitchen knives (not that he makes Mary's blenders). This "reverse confusion," just like ordinary confusion, may hurt Tom. If Mary's kitchen-blenders work badly, for example, Tom's potential customers may decide that Tom's knives come from a poorly managed company, and they may hesitate to buy them. *See. e.g., Plus Products v. Plus Discount Foods, Inc.*, 722 F.2d 999, 1003-04 (2d Cir. 1983) (recording plaintiff's concern that reverse confusion might lead to plaintiff's "reputation for high quality merchandise" becoming "tarnished because of [defendant's] bargain basement, no-frills image"); *Banff, Ltd. v. Federated Dep't Stores, Inc.*, 841 F.2d 486, 490 (2d Cir. 1988) (similar).

The problem for DeCosta is that, as illustrated by this simplified example, "reverse confusion" is nothing particularly new. The principal trademark statute does not speak of "ordinary," or "reverse," confusion. It refers simply to copying that is "likely to cause confusion," without dividing confusion into types. 15 U.S.C. § 1114(1). It protects the holder from the harm that confusion might cause, without specifying whether that harm flows from a copier taking advantage of the holder's "good will," or from the copier potentially reducing the value of the mark, say by associating the holder with the copier's own "bad" name. The leading case on the subject, *Big O Tire Dealers, Inc. v. Goodyear Tire & Rubber Co.*, 561 F.2d 1365, 1371 (10th Cir. 1977), *cert. dismissed*, 434

U.S. 1052 (1978), decided two years after our decision in *DeCosta II*, made absolutely clear that a trademark holder could base a claim on such "reverse confusion." But, in doing so, the court did not suggest that its holding represented a totally new, or novel, principle. The jury instruction which it upheld followed the language of § 1114(1). *See id.* at 1371. And, *Big O* reasserted a principle set forth in a case that DeCosta invoked at length in *DeCosta I*, namely, *International News Services v. Associated Press*, 248 U.S. 215 (1918). In that case, in addition to deciding that the defendant had unlawfully misappropriated the news product of the plaintiff's investigations, the Court found a wrongful and "significant . . . false representation" that that news product was derived from defendant's own work. *Id.* at 242. Justice Holmes' concurrence rested entirely on the "false representation" aspect, which he viewed as unfair competition:

> The ordinary case [of unfair competition] is palming off the defendant's product as the plaintiff's, but the same evil may follow from the opposite falsehood – from saying, whether in words or by implication, that the plaintiff's product is the defendant's, and that . . . is what has happened here.

Id. at 247; *see also Banff*, 841 F.2d at 490 (observing that trademark law's traditional objectives, concerned with ensuring that good will remains attached to those who earn it, are equally implicated in "reverse" and "non-reverse" confusion cases). DeCosta cannot therefore claim that the *principle* (that trademark law protects against a buyer's being led to believe, wrongly and harmfully, that the copier is the source of the holder's product) was

unavailable to him or that he was not aware of it in his initial case.

DeCosta's more plausible claim is that the law of "reverse confusion" has itself undergone significant expansion since 1975. Several dicta in the Second Circuit suggest that a plaintiff, claiming reverse confusion, can recover for harm suffered, not because the buying public may wrongly believe that the defendant makes or sponsors the plaintiff's product, but simply because the public wrongly believes that the plaintiff copied the defendant's name. *See Banff*, 841 F.2d at 490; *Lobo Enters., Inc. v. Tunnel, Inc.*, 693 F. Supp. 71, 77 (S.D.N.Y. 1988); *PAF S.r.l. v. Lisa Lighting Co.*, 712 F. Supp. 394, 410 (S.D.N.Y. 1989); *W.W.W. v. Gillette*, 23 U.S.P.Q.2d at 1615. To return to our example, it is as if Tom could win his trademark case even if everyone knows that Tom and Tom's knife company have nothing whatsoever to do with Mary's kitchen-blenders. Tom might still win because the public might wrongly think that Mary thought of the "SupR-Chopper" name first and Tom copied her idea for his trademark. If the public wrongly thought that Tom "pirated" the name, they might think less well of Tom, who would thereby suffer a harm to his good reputation. Were this theory the law, Tom might win a trademark case against Mary, even if Mary used the "SupR-Chopper" name to label a product that nobody thought had anything whatsoever to do with kitchen knives, say, helicopters (called "SupR-Choppers"), for the public still might wrongly believe Tom a "pirate."

We agree with DeCosta that one can find dicta, more recent than 1975, that seem to offer support for such a theory. And, we also agree that such a theory might have

offered him a basis for success, had he known of its availability before 1975. The fatal problem for DeCosta in respect to this "change in the law," however, lies in our view that this change is not sound law. We find that it does not correctly state the law of trademarks.

Our reasons for this conclusion are several. First, to adopt this theory would undermine an important limitation central to the law of trademarks, the limitation of trademark protection to the protection of marks *as used* on particular goods to identify their source or sponsor. *See United Drug Co. v. Rectanus Co.*, 248 U.S. 90, 97 (1918) (trademark rights are not "right[s] in gross"). As the Supreme Court wrote many years ago, in *Hanover Milling Co. v. Metcalf*, 240 U.S. 403, 415 (1916):

> [W]here two parties independently are employing the same mark . . . in separate markets wholly remote the one from the other, the question of prior appropriation is legally insignificant, unless at least it appear that the second adopter has selected the mark with some design inimical to the interests of the first user, such as to take the benefit of the reputation of his goods, to forestall the extension of his trade, or the like.

Thus, at present the law often permits a person to take a pre-existing name or mark and use it on a different product in a different market. *See, e.g., McGregor-Doniger, Inc. v. Drizzle, Inc.*, 599 F.2d 1126 (2d Cir. 1979) (allowing manufacturer of expensive women's coats to use trademark "Drizzle," despite prior registration of "Drizzler" mark for plaintiff's cheaper golf jackets); *King Research, Inc. v. Shulton, Inc.*, 454 F.2d 66 (2d Cir. 1971) ("Ship Shape" on hairspray did not infringe registered "Ship

Shape" trademark for comb and brush cleaners). If "falsely being thought a pirate" were an actionable harm, no one could safely use a mark ever previously used by another, no matter how different the product, place of sale, or class of buyer. Mary the helicopter maker, for example, would have to make certain that no small company anywhere had used the name "SupR-Chopper" on any product before she attached the name to her helicopter product, lest some of, say, Tom's knife customers believe that she, not Tom, had had the idea first. The specter of resulting lawsuits, inhibitions on the use of names, and a reversal of present presumptions favoring linguistic freedom (in different fields) cautions against what would seem a fairly radical change in the law.

Second, other, non-trademark law offers specifically tailored protection against the most obvious harms that may befall the falsely labeled "pirate." Copyright law, for example, protects the initial users of certain names and phrases against any copier. We have mentioned the possibility that DeCosta might have obtained such protection, at least for his calling card. *See DeCosta I*, 377 F.2d at 321. But, he did not do so.

A common law tort, the law against "commercial disparagement" (also known as "injurious falsehood"), may also protect a trademark holder against the false implication that he has "pirated" the work of another, where the defendant intends such harm. *See, e.g., Public Ledger v. New York Times*, 275 F. 562, 565-66 (S.D.N.Y. 1921), *aff'd*, 279 F. 747, *cert. denied*, 258 U.S. 627 (1922) (allowing relief for defendant's assertion that it had copied "with permission" from the London Times as disparaging plaintiff's rights, if plaintiff could prove that, as

defendant knew, plaintiff had – and advertised itself as having – a contract with the London Times guaranteeing it exclusive copying rights); Big O, 561 F.2d at 1373-74.

Both these areas of law, however, contain carefully crafted conditions and limitations, designed to prevent their becoming vehicles for unduly limiting the use of words, phrases, and other forms of speech where no serious harm, in fact, will likely occur. *See, e.g.*, copyright law's "fair use" exemption, 17 U.S.C. § 107; *see also Big O*, 561 F.2d at 1373 (outlining the special requirements of "commercial disparagement," namely (1) false statement, (2) malice, and (3) special damages). The existence of these other carefully tailored types of protection also cautions strongly against introducing, into trademark law, a kind of overriding concept such as the actionable harm of "falsely being thought a pirate," which concept could well upset the balance between those interests favoring "protection" and those favoring free use and dissemination – a balance carefully developed by legislatures, and slowly by courts, over many years.

Finally, the leading case about trademark "reverse confusion," *Big O, supra*, suggests that "commercial disparagement" law, not traditional "trademark law," provides proper legal relief for the harm of "falsely being thought a pirate." *See id.* at 1373-74. Insofar as the court discusses this latter kind of harm, it does so in the context of a "commercial disparagement" type of tort. Insofar as the court discusses trademark "reverse confusion," it does so in the context of confusion about the source of the *product* not the source of the *name*. The court does explain why, in its view, trademark law does not limit recovery to victims of "passing off." And, in doing so, it says that,

otherwise, a large firm could simply take someone else's mark and develop a new "secondary meaning" for it. But, nothing in this explanation suggests that "falsely being thought a pirate" automatically produces recovery.

For these reasons, insofar as the doctrine of "reverse confusion" may be thought significantly "new" (reverse confusion about "piracy"), we do not accept it. Insofar as we accept it (reverse confusion involving source or sponsorship), we do not believe it is significantly new. Hence, we do not believe that there are changes in the law here that can overcome the effects of "collateral estoppel."

IV

Factual Changes

DeCosta argues that facts have changed since 1975. Hence, the issue of "confusion now" is significantly different than the issue of "confusion then." And, "collateral estoppel" does not bar its litigation. *See Restatement (Second) of Judgments* § 27, cmt. c. In the earlier cases DeCosta proved that he presented the character "Paladin" at rodeos and through various personal appearances. CBS presented the character "Paladin" in its television programs. This court held that few, if any, buyers of either "product" (rodeo/personal appearances or television programs) would likely believe that either DeCosta or CBS was the "source" of the other's "service." That is to say, few, if any, television viewers were likely to believe that DeCosta produced the TV programs and few, if any, rodeo (or personal service) customers were likely to believe that CBS provided the rodeo, or other personal, appearances. The question is whether the factual changes

to which DeCosta now points are such that litigation of the "confusion" question represents a significantly different factual issue. *See id.*

After reviewing the record, we conclude that DeCosta has not presented evidence of significantly different circumstances for two reasons. First, much of his evidence amounts to no more than added efforts to prove the same "ultimate facts" he failed to prove the first time. Thus, DeCosta found several people (and produced surveys showing other people) who think he has something to do with the CBS television program. He provided four letters from persons who referred to him as "Paladin." He provided a witness who said he thought DeCosta was impersonating the television program character. He introduced a newsletter that says he is "from the T.V. series." He testified that he had met people who thought he was "connected" with the TV series and was an "impersonator" or an "imposter." One of his surveys said that about half of the individuals shown his picture thought he was connected with the TV series or that it was "sponsoring" him. And, he produced a "public relations" expert witness who testified that people would be "confused."

This evidence does not help DeCosta, however, because, in context, it seems designed to prove the same ultimate fact – "confusion" – that he failed to prove before. As the *Restatement of Judgments* points out, when a party has litigated such an "ultimate fact," and failed, "new evidentiary facts may not be brought forward to obtain a different determination of that ultimate fact." *Id.* We simply do not see why this kind of evidence could not have been provided the first time. Nothing in the record convincingly explains why those who saw DeCosta when

the Paladin television program was current would have been any the less "confused" than those who now see him when "Paladin" is the subject of old television reruns.

Second, DeCosta provided evidence of his having expanded his own activities since 1977. He says, for example, that since that time, he has distributed 60,000 more calling cards (having distributed about 300,000 before 1977); 15,000 more photographs (having distributed about 20,000 before 1977); 15,000 bumper stickers, and 2800 pens with a Paladin legend. He has made more personal appearances at rodeos and ice cream stores, and he appeared on two television talk shows and in one television commercial. A picture of him in costume appeared once in a horsebreeders' magazine. And, he has objected several times to others using slogans such as "Have Cup, Will Travel" (by Dunkin Donuts) and "Have Guns, Will Travel" (by the U.S. Air Force).

This evidence basically shows no more than the same kind of activity in which DeCosta previously engaged. And, we do not see how it can bring him outside the "collateral estoppel" bar. Even were he to have provided evidence of his own, far greater, expansion into, say, the television business, that evidence would do him no good. The litigated holding of "no confusion" in the initial DeCosta cases amounts to a holding that DeCosta had no legal right to exclude others from using his mark in the field of television. Moreover, DeCosta has conceded that CBS/Viacom has used the "Paladin" mark in that field before, and after, he brought his initial cases. Further, the record provides no evidence at all that, since 1977, CBS or Viacom has used the mark in "bad faith," i.e., with an

intent or expectation of causing confusion or "forestalling expansion under the mark by the prior user" (in a different field) or harming DeCosta's "reputation or good will." *See Restatement (Third) of Unfair Competition* § 19(a), cmt. d & illus. 3 (Tent. Draft No. 2, 1990); *GTE Corp. v. Williams*, 904 F.2d 536, 541 (10th Cir.), *cert. denied*, 111 S. Ct. 557 (1990) (in assessing whether second user acted in bad faith, "[t]he ultimate focus is on whether the second user had the intent to benefit from the reputation or goodwill of the first user."); *Triumph Hosiery Mills. Inc. v. Triumph Int'l Corp.*, 308 F.2d 196, 200 (2d Cir. 1962) (similar); *El Chico, Inc. v. El Chico Cafe*, 214 F.2d 721, 726 (5th Cir. 1954) (similar); James M. Treece, "Security for Federally Registered Mark Owners Against Subsequent Users," 39 *Geo. Wash. L. Rev.* 1008, 1018 (1971) (mere knowledge of the first user's prior use should not be regarded as bad faith in cases where "the second user [is] in fact remote from the first user's market [and] where consumers are not confused"); *cf. Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc.*, 875 F.2d 1026, 1037 (2d Cir. 1989) (Sweet, J., concurring) (in statutory dilution context, bad faith "requires a showing that the junior user adopted its mark hoping to benefit commercially from association with the senior mark."). Indeed, CBS/Viacom might reasonably have relied upon our prior final judgment as holding that their activities did not cause "confusion" or significantly harm "reputation or good will." *Cf. Restatement (Third) of Unfair Competition* § 19, cmt. d ("Good faith reliance by the subsequent user on an opinion of counsel is also relevant.").

All this being so, as far as the present case is concerned, it is CBS and Viacom who have the prior right to

use the mark in television, not DeCosta. And, for that reason, insofar as *DeCosta's* expansion into television creates "confusion," he has no legal basis for recovery. *See United Drug Co. v. Rectanus Co.*, 248 U.S. 90 (1918) (within regional market, defendant first user in that market had priority over plaintiff earlier user in a different region who now sought to enter that market); *Value House v. Phillips Mercantile Co.*, 523 F.2d 424 (10th Cir. 1975) (same, where plaintiff registered its mark after defendant had begun to use its); *compare Dawn Donut Co. v. Hart's Food Stores, Inc.*, 267 F.2d 358, 360 (2d Cir. 1959) (plaintiff who registered before defendants began to use their mark, and had previously operated in defendants' market and not abandoned its mark in that market, retained priority); *see also Scott Paper Co. v. Scott's Liquid Gold, Inc.*, 589 F.2d 1225, 1231 (3d Cir. 1978) ("Priority depends not upon which mark succeeds in first obtaining secondary meaning but upon whether the plaintiff can prove by a preponderance of the evidence that his mark possessed secondary meaning [and, we add, that there was a potential likelihood of confusion] *at the time the defendant commenced his use of the mark.*") (emphasis added).

Returning to our example, it is as if Tom, the kitchen knife maker, sued Mary the helicopter manufacturer, and a court determined that their use of the same name did *not* create confusion. Suppose that Mary continues, in good faith, to use the mark on her helicopters, but Tom then expands into the helicopter business. At that point, even if buyers now confuse the source of the two products (Tom's helicopters and Mary's helicopters), Tom cannot recover from Mary, for it is Mary, not Tom, who has the legally prior right to use the name in that field.

DeCosta reminds us that, since findings as to likelihood of confusion can turn on the relation of the parties' uses, a prior finding of no likelihood of confusion will not always bar a subsequent action if circumstances of the parties' uses change. *See Sarah Coventry, Inc. v. T. Sardelli & Sons, Inc.*, 526 F.2d 20, 23 (1st Cir. 1975), *cert. denied*, 426 U.S. 920 (1976). The problem for DeCosta is that his evidence does not show a significant change. And, in any event, that change would do a plaintiff no good where it consists of his expansion into a field where the record of litigation indicates that the defendant has priority in using the mark.

For these reasons, the judgment of the district court is

Reversed.

Victor De COSTA

v.

VIACOM INTERNATIONAL, INC.

Civ. A. No. 89-0598-T.

United States District Court,
D. Rhode Island.

March 11, 1991.

Trademark infringement action was brought against television program syndicator. On syndicator's motion to dismiss, the District Court, Torres, J., held that action was not barred by res judicata or collateral estoppel.

Motion denied.

Mark J. Hagopian, Providence, R.I., for plaintiff.

Jeffrey Schreck, Robert Karmen, Providence, R.I., Robert M. Callagy, Mark A. Fowler, New York City, for defendant.

MEMORANDUM AND ORDER

TORRES, District Judge.

This is an action by Victor DeCosta for infringement of his trademark and/or service mark rights and for unfair competition under both common law and the Lanham Act (15 U.S.C. §§ 1114(1) and 1125(a)). The case is presently before the Court on the motion of Viacom International, Inc. ("Viacom") to dismiss pursuant to Fed.R.Civ.P.12(b)(6), or, in the alternative, for summary judgment pursuant to Rule 56 on the grounds that the

action is barred by the doctrines of res judicata, collateral estoppel and/or laches.

BACKGROUND

DeCosta is a former rodeo performer. During the 1940's, he conceived the idea of a western hero whom he named "Paladin."[1] DeCosta's character had a mustache and wore a black outfit that included a hat affixed with a medallion. He also carried calling cards bearing facsimiles of a chess piece (i.e. a "knight") and the slogan "Have Gun Will Travel, Wire Paladin." The chess piece logo was imprinted on the holster of his six-shooter as well. In addition, Paladin carried an antique derringer concealed under his arm. Since 1947, DeCosta, as Paladin, has continuously appeared at rodeos, horse shows, parades and charitable functions throughout the eastern United States and California where he distributed his cards to spectators.

In June of 1957, Columbia Broadcasting System, Inc. ("CBS") began televising a "western" series entitled "Have Gun Will Travel," starring a character called "Paladin." The television Paladin wore a black costume identical to that worn by DeCosta's character, including the medallion on his hat. CBS's Paladin also carried a calling card bearing the words "Have Gun Will Travel, Wire Paladin." Both the card and his holster were embossed

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[1] For a more detailed description of the origins of the Paladin character, see *Columbia Broadcasting Sys. v. DeCosta*, 377 F.2d 315, 316-17 (1st Cir.1967) [hereinafter *"DeCosta I"*].

with the same chess piece logo used by DeCosta's character. Furthermore, the pilot episode of the CBS series included a scene in which the television Paladin used a concealed derringer to win a gunfight.

After watching these programs, DeCosta apparently concluded that not all of the television bandits were portrayed in the series. Accordingly, after an unexplained delay of eleven years, he applied to the Patent and Trademark Office (the "PTO") for registration of his mark. At the same time, he sued CBS, one of its subsidiaries that licensed the series and the corporation owning several television stations that broadcast the show. The suit alleged misappropriation of his idea, common law trademark and/or service mark infringement and unfair competition. The PTO deferred action on DeCosta's application pending the outcome of that litigation.

The misappropriation count was severed and tried before a jury and another judge of this Court. CBS presented extensive testimony from writers and network executives responsible for the series who explained the marked similarity between the television Paladin and DeCosta's character as purely coincidental. The jury did not believe that testimony and returned a verdict for DeCosta in the amount of $150,000.00 Judgment was entered on that verdict, and the defendant appealed.

The First Circuit reversed. *Columbia Broadcasting Sys. v. DeCosta*, 377 F.2d 315, 321 (1st Cir.1967) [hereinafter *"DeCosta I"*]. Although it shared the jury's skepticism of CBS's story and characterized the defendants as "pirates," the Court found that simply copying another's creation is not, by itself, actionable. The Court recognized

that appropriating the *value* attached to a creation by exploiting its "secondary meaning" may constitute a form of unfair competition (i.e. the tort of "passing off") if it misleads the public into thinking that the resulting product was created by the plaintiff. However, the Court noted that the unfair competition count had not been submitted to the jury.

As to the misappropriation count the Court found it lacking in merit based upon its reading of *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 84 S.Ct. 784, 11 L.Ed.2d 661 (1964) and *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 84 S.Ct. 779, 11 L.Ed.2d 669 (1964) [hereinafter "*Sears-Compco*"]. Specifically, the Court interpreted *Sears-Compco* to mean that Art. I, § 8, cl. 8 of the United States Constitution, which confers copyright power on Congress, preempts any state efforts to protect writing and other concrete, describable manifestations of intellectual creation within the scope of that power and leaves those creations in the public domain unless they are protected by federal copy-right laws. *DeCosta I*, 377 F.2d at 319. The Court found that DeCosta's creation failed to qualify for protection under the copyright laws as an unpublished work (i.e. one that had not been abandoned to public use by publication) because his creation was completely embodies in the cards that he freely distributed to others. The Court concluded that such distribution constituted publication of DeCosta's work and that by failing to copyright the cards, DeCosta left his creation in the public domain where it could be freely copied. *Id.* at 321.

On remand, the remaining counts for common law trademark infringement and unfair competition were presented, by agreement, to a Magistrate for determination

on cross motions for summary judgment. Relying on the Supreme Court's intervening decision in *Goldstein v. California*, 412 U.S. 546, 93 S.Ct. 2303, 37 L.Ed.2d 163 (1973), the Magistrate held that those claims were not preempted under *Sears-Compco*. He went on to find that the defendants had infringed upon DeCosta's marks and had unfairly competed by falsely advertising the marks to be their own. Accordingly, the Magistrate entered judgment requiring the defendants to account for what amounted to $12 million in profits. *DeCosta v. Columbia Broadcasting Sys.*, Civil Action No. 3130 (D.R.I. Apr. 15, 1974).

Once again, CBS appealed, and once again the First Circuit reversed. *DeCosta v. Columbia Broadcasting Sys.*, 520 F.2d 499 (1st Cir.1975) [hereinafter *"DeCosta II"*]. The Court endorsed the Magistrate's holding that, under *Goldstein*, the states remain free to "grant to authors the 'exclusive Right to their respective Writings'" and to "protect businesses in the use of their trademarks, labels, or distinctive dress in the packaging of goods so as to prevent others, by imitating such markings, from misleading purchasers as to the source of such goods." *Id.* at 510-11 (quoting *Goldstein*, 412 U.S. at 560, 93 S.Ct. at 2311; *Sears-Compo*, 376 U.S. at 232, 84 S.Ct. at 789). The Court acknowledged that it may have erred in holding the misappropriation claim was preempted but expressed unwillingness to reopen the matter saying:

> We face a dilemma, *Goldstein* tells us that we were, in our interpretation of the preemptive reach of the Copyright Clause, over-inclusive. And yet, what we decided in *DeCosta I* has settled, for this case, the issue of misappropriation.

Id. at 510.

The Court then focused on what it identified as the critical issue underlying the trademark infringement and unfair competition counts, namely, "whether there was a deceiving of the public as the result of defendants' actions" or whether "the defendant's use of a trademark similar to the plaintiff's created a likelihood of confusion." *DeCosta II*, 520 F.2d at 513 (citation omitted). It found nothing to support a finding that the defendants "passed off" their Paladin or program as the plaintiff's creations. *Id.* Nor did it find the identical nature of the marks used by plaintiff and defendants sufficient to establish a likelihood of confusion. *Id.* at 513-15. Therefore, the Court found no basis for liability for common law service mark infringement or unfair competition and accordingly reversed and remanded with instructions to enter judgment for the defendants.

After DeCosta unsuccessfully petitioned the United States Supreme Court for a writ of certiorari, the PTO activated his application for registration of his mark. That application was vigorously opposed by CBS which, in the meantime, had assigned its syndication rights to Viacom, a "spinoff" corporation that licenses local television stations to broadcast reruns of the series. CBS's opposition was based on the claim that registration would adversely affect its agreement with Viacom and cause it economic injury. Despite that opposition, the PTO granted DeCosta's application in 1975.[2] It referred to CBS's

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[2] DeCosta's registered mark consists of the familiar knight chess piece surrounded by the phrase "Have Gun Will Travel" and, below these, the phrase "Wire Paladin," *see Columbia Broadcasting Sys. v. DeCosta*, 192 U.S.P.Q. 453, 454 (P.T.O. Trademark Trial and Appeal Bd. 1976).

opposition as "a bald-faced argument that [CBS], already branded a pirate, should be allowed to make off with additional plunder unhindered by any inconvenience that might result from the recognition of [DeCosta's] lawful rights." *Columbia Broadcasting Sys. v. DeCosta*, 192 U.S.P.Q. 453, 456 (P.T.O Trademark Trial and Appeal Bd. 1976).

The instant complaint charges that, since 1975 Viacom has licensed the "Have Gun Will Travel" series for broadcast throughout the United States with full knowledge of DeCosta's federal registration and without his permission. It contains five counts: Count I alleges federal trademark infringement in violation of 15 U.S.C. § 1114(1); Count II alleges misappropriation and common law trademark infringement; Count III alleges unfair competition in violation of 15 U.S.C. § 1125(a); Count IV alleges common law unfair competition; and Count V alleges negligent or intentional infliction of emotional distress. Viacom characterizes this suit as nothing more than a rehash of matters long since determined and seeks dismissal or summary judgment on the grounds that plaintiff's claims are barred by the doctrines of res judicata and collateral estoppel and that laches precludes DeCosta from maintaining this action.

DISCUSSION

I. *The Summary Judgment Standard*

Since affidavits have been filed, the Court will treat Viacom's motion as one for summary judgment. In passing on that motion, the Court must bear in mind that summary judgment is appropriate only when "there is no

genuine issue as to any material fact" and "the moving party is entitled to a judgment as a matter of law." Fed.R.Civ.P. 56(c). In making that determination, the Court must view the evidence in the light most favorable to the nonmoving party. *United States v. Diebold, Inc.*, 369 U.S. 654, 655, 82 S.Ct. 993, 994, 8 L.Ed.2d 176 (1962) (per curiam); *Garside v. Osco Drug, Inc.*, 895 F.2d 46, 48 (1st Cir. 1990); *United States Fire Ins. Co. v. Producciones Padosa, Inc.*, 835 F.2d 950, 953 (1st Cir.1987).

However, the mere assertion that there is *some* fact in dispute is insufficient to defeat a motion for summary judgment. The disputed fact must be *material* and the dispute must be *genuine*. A fact is deemed material if, under applicable substantive law, it may affect the outcome of the case. Moreover, a dispute is considered genuine only if there is adequate evidence to require resolution of the disagreement at trial. Unsupported allegations are insufficient to create a genuine dispute. Once the movant has presented probative evidence establishing its entitlement to judgment, the party opposing the motion must set forth specific facts demonstrating that there is a genuine issue for trial. *See Celotex Corp. v. Catrett*, 477 U.S. 317, 323-25, 106 S.Ct. 2548, 2552-53, 91 L.Ed.2d 265 (1986); *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 247-50, 106 S.Ct. 2505, 2509-11, 91 L.Ed.2d 202 (1986); *Lipsett v. University of P.R.*, 864 F.2d 881, 894-95 (1st Cir.1988).

II. *Res Judicata and Collateral Estoppel*

The doctrines of res judicata and collateral estoppel are designed to establish a point at which litigation comes

to an end. They serve three basic purposes: (1) promoting judicial economy by preventing repetitive litigation; (2) establishing certainty and respect to judgments; and (3) protecting the party relying on the prior adjudication from vexatious litigation. *See generally* 18 C. Wright, A. Miller & E. Cooper, *Federal Practice and Procedure* § 4403, at 11-22 (1981 & Supp.1990). The doctrines reflect the principle that once a case has been heard and decided, a litigant is not entitled to an "encore." 1B J. Moore, *Moore's Federal Practice* ¶ 0.405[1], at 186 (1988) [hereinafter "*Moore's*"]. On the other hand, neither res judicata nor collateral estoppel bars a party from seeking to vindicate rights or litigate issues not encompassed by the prior suit.

DeCosta implies that he should not be prevented from bringing this action because *DeCosta I* and *DeCosta II* were wrongly decided. As support for that contention, he cites at least one treatise criticizing those decisions. R. Callmann, *Unfair Competition, Trademarks and Monopolies* § 15.17, at 55-56 (4th ed. Supp.1983). Such an argument is inapposite for two reasons. First, res judicata and collateral estoppel are not mere technical rules of convenience. Rather, they are expressions of a fundamental public policy favoring repose for both society and litigants. *Moore's* ¶ 0.405[1], at 186. Consequently, their applicability is not affected by the equities of the claim at issue. They represent a determination that claims and/or issues already litigated and decided should be barred no matter how meritorious they appear to be. *Jeter v. Hewitt*, 63 U.S. (1 How.) 352, 364, 16 L.Ed. 345 (1859).

Second, no matter how vehemently the plaintiff or others may disagree, the First Circuit's holdings in

DeCosta I and *DeCosta II* are binding on this Court. Therefore, the only issue presented is whether the requirements of res judicata and/or collateral estoppel have been satisfied.

The principles governing res judicata (i.e. claim preclusion) and collateral estoppel (i.e. issue preclusion) are set forth in Section 17 of the *Restatement (Second) of Judgments* as follows:

> a valid and final personal judgment is conclusive between the parties, except on appeal or other direct review, to the following extent:
>
> . . . .
>
> (2) If the judgment is in favor of the defendant, the claim is extinguished and the judgment bars a subsequent action *on that claim* (see § 19);
>
> (3) A judgment in favor of either the plaintiff or the defendant is conclusive, in a subsequent action between them on the same or a different claim, with respect to any issue *actually litigated and determined if its determination was essential to that judgment* (see § 27).

Restatement (Second) of Judgments § 17 (emphasis added).

There is no question that CBS and Viacom are in privity with one another for res judicata and/or collateral estoppel purposes. The established rule is that a judgment in favor of a predecessor in interest is conclusive in subsequent litigation between the successor in interest and the same adversary. *See, e.g., Behrens v. Skelly*, 173 F.2d 715, 717-18 (3d Cir.1949); *Moore's* ¶ 0.411[12], at 485-86; *see also Restatement (Second) of Judgments* § 44. Because CBS assigned its syndication rights to Viacom, preclusion of DeCosta's right to sue CBS would also bar

him from suing Viacom with respect to the same claims and/or issues litigated in *DeCosta I* or *DeCosta II*.

A. *Res Judicata (Claim Preclusion)*

1. *The Federal Trademark Infringement and Unfair Competition Claims (Counts I and II)*

As previously noted, the doctrine of res judicata provides that an adverse judgment bars another action by the plaintiff against the defendant on the "same claim." *Restatement (Second) of Judgments* § 19. Unlike collateral estoppel, identity of issues is not required. Consequently, even though *DeCosta II* did not decide DeCosta's *federal* trademark infringement or unfair competition claims, he may be barred from asserting them in this action if they constitute the "same" claims as the common law claims previously litigated.

For purposes of delineating the boundaries of a claim for res judicata purposes, Rhode Island follows the principles set forth in the *Restatement (Second) of Judgments*. *See Capraro v. Tilcon Gammino, Inc.*, 751 F.2d 56, 58 (1st Cir.1985); *Manego v. Orleans Bd. of Trade*, 773 F.2d 1, 5 (1st Cir.1985), *cert. denied*, 475 U.S. 1084, 106 S.Ct. 1466, 89 L.Ed.2d 722 (1986); *Gonsalves v. Alpine Country Club*, 563 F.Supp. 1283, 1287 (D.R.I.1983), *aff'd*, 727 F.2d 27 (1st Cir.1984). One of those principles is that, in determining whether identity of claims exists, the relevant inquiry is whether the claims arise from a common nucleus of facts or seek redress for the same injury. That approach is codified in § 24 of the Restatement which adopts what is termed a "transactional" test. Section 24 provides that:

> (1) [T]he claim extinguished includes all rights of the plaintiff to remedies against the defendant with respect to all or any part of the transaction, or series of connected transactions, out of which the action arose.

Restatement (Second) of Judgments § 24(1).

Consequently, a plaintiff may not get additional bites of the apple by demanding multiple forms of relief for the same injury or by cloaking a single claim in a variety of legal theories. Res judicata cannot be circumvented by "splitting" one cause of action into a multiplicity of suits. *Restatement (Second) of Judgments* § 24 comment c; *Moore's* ¶ 0.410[1].

On the other hand, res judicata does not bar a plaintiff from seeking redress for post-judgment acts even though similar injuries and/or legal theories are asserted in both suits. Thus the Restatement recognizes that events taking place *after* the prior litigation is concluded may "comprise a transaction which may be made the basis of a second action not precluded by the first." *Restatement (Second) of Judgments* § 24 comment f.

Therefore, in this case, the issue is whether Viacom's syndication of the "Have Gun Will Travel" series after DeCosta registered his mark is merely part of the transaction that was the subject of the prior suit or whether it is sufficiently distinct from the conduct giving rise to the previous litigation that it may be fairly characterized as a separate transaction.

Viacom asserts that the two suits are based on the same transaction because licensing the series for rebroadcast did not involve any conduct different from that

already found by the First Circuit to be lawful. There are several flaws in that argument. First, *DeCosta I* and *DeCosta II* held only that CBS was *not liable* for broadcasting the "Have Gun Will Travel" series during the period before the suit was brought. Those decisions did not vest CBS with any property interest in DeCosta's creation or any license to continue exploiting it even after he registered his mark.

In addition, Viacom's subsequent actions are not so similar or interrelated to CBS's that they should be deemed part of the same transaction underlying *DeCosta I* and *DeCosta II*. Viacom's syndication of the series occurred after the original broadcasts that were the subject of the previous suit had been completed. Therefore, the two clusters of conduct are at least temporally distinct. In other words, this case is not based on acts committed prior to the antecedent litigation and selectively omitted from it. Rather, it is a case based on acts that the defendant had not yet committed when the first suit was litigated.

Moreover, the *federal* trademark infringement rights that DeCosta seeks to vindicate in this case did not exist when *DeCosta I* and *DeCosta II* were decided because he did not register his mark until after that time. Consequently, DeCosta cannot be said to have impermissibly "split" his cause of action by merely advancing a new theory of recovery. DeCosta's registration of his mark vested him with new rights under the Lanham Act that he did not possess when the previous suit was decided. Since those rights and the conduct allegedly violating them both postdate *DeCosta I* and *DeCosta II*, the federal

claims are not part of the same transaction underlying the prior litigation.

2. *The Common Law Trademark Infringement and Unfair Competition Claims (Counts II and IV)*[3]

Federal registration of DeCosta's mark is not a sine qua non of his common law claims for trademark infringement and unfair competition. However, like their federal counterparts, those claims are based on acts committed after *DeCosta I* and *DeCosta II* were decided. Therefore it is difficult to see how they can constitute part of the claims asserted in that litigation.

The difficulty is compounded by the fact that, as will be discussed *infra*, the intervening registration of DeCosta's mark created a "likelihood of confusion" that was lacking when the series was originally aired by CBS.

In short, since Viacom syndicated the "Have Gun Will Travel" series *after DeCosta I* and *DeCosta II* were litigated and after the legal landscape had been altered, its actions cannot be viewed as part of the "same" transaction giving rise to the prior suit. Therefore, if there is any bar to prosecuting them, it must emanate from the doctrine of collateral estoppel rather than res judicata.

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[3] The Court need not deal with the emotional distress claim contained in Count V because it does not appear to be an independent substantive claim. As the Frist Circuit indicated in *DeCosta II*, emotional distress is merely a theory regarding the damages sought and requires a predicate of liability to support it. Consequently, it is dependent upon the substantive claims asserted in Counts I through IV. 520 F.2d at 515.

B. *Collateral Estoppel (Issue Preclusion)*

The doctrine of collateral estoppel is embodied in § 27 of the Restatement which provides:

> When an issue of fact or law is actually litigated and determined by a valid and final judgment, and the determination is essential to the judgment, the determination is conclusive in a subsequent action between the parties, whether on the same or a different claim.

Restatement (Second) of Judgments § 27.

Viacom points out that likelihood of confusion is an essential element of the trademark infringement and unfair competition claims and that the Court in *DeCosta II* specifically found the evidence insufficient to establish that element. Accordingly, Viacom argues that DeCosta is collaterally estopped from asserting those claims.

That argument fails to take into account the intervening events that have materially altered the legal principles governing resolution of the likelihood of confusion issue. The First Circuit's holding in *DeCosta II* was predicated on what it found to be a "paucity" of evidence that the public would be confused as to the origin of the Paladin character. Since then, DeCosta has registered his mark which establishes a rebuttable presumption of likely confusion that did not exist when *DeCosta II* was decided. In *American Heritage Life Ins. Co. v. Heritage Life Ins. Co.*, 494 F.2d 3 (5th Cir.174), the Fifth Circuit explained the effect of registration as follows:

> Under the [Lanham] Act, registration is prima facie evidence of the registrant's ownership of the mark and of the registrant's exclusive right

> to use the mark in commerce in connection with the services specified in the registration certificate. Thus registration is sufficient to establish prima facie (1) the required prior use (2) of a registrable mark (3) which is likely to be confused with another's use of the same or a similar mark.

American Heritage, 494 F.2d at 10 (citations omitted).

DeCosta's registration and apparent use of his mark since 1975 also impacts the "likelihood of confusion" calculus in another way. One of the factors to be considered in determining likelihood of confusion is the strength of the plaintiff's mark. *Pignons S.A. de Mecanique de Precision v. Polaroid Corp.*, 657 F.2d 482, 487 (1st Cir.1981). Use of a mark for five consecutive years subsequent to registration makes the mark incontestable. *Volkswagenwerk Aktiengesellschaft v. Wheeler*, 814 F.2d 812, 820 (1st Cir.1987) (citing 15 U.S.C. §§ 1065, 1115(b)). Incontestability, in turn, creates a presumption that the mark is a relatively strong one for purposes of the likelihood of confusion analysis. *Dieter v. B & H Ind.*, 880 F.2d 322 (11th Cir.1989), *cert. denied*, ___ U.S. ___, 111 S.Ct. 369, 112 L.Ed.2d 332 (1990); *Wynn Oil Co. v. Thomas*, 839 F.2d 1183 (6th Cir.1988); *see Keds Corp. v. Renee Intern. Trading Corp.*, 888 F.2d 215 (1st Cir.1989). As the *Dieter* court stated:

> We hold that incontestable status is a factor to be taken into consideration in likelihood of confusion analysis. Because [the plaintiff's] mark is incontestable, then it is presumed to be at least descriptive with secondary meaning, and therefore a relatively strong mark.

Dieter, 880 F.2d at 329.

These factors constitute precisely the kinds of "[c]hange in applicable legal context" that the Restatement recognizes as exceptions to the general rule of issue preclusion. *See Restatement (Second) of Judgments* § 28 comment c. Thus, § 28 provides:

> Although an issue is actually litigated and determined by a valid and final judgment, and the determination is essential to the judgment, relitigation of the issue in a subsequent action between the parties is not precluded in the following circumstances:
>
> . . . .
>
> (4) The party against whom preclusion is sought had a significantly heavier burden of persuasion with respect to the issue in the initial action than in the subsequent action; the burden has shifted to his adversary; or the adversary has a significantly heavier burden than he had in the first action. . . .

Restatement (Second) of Judgments § 28(4).

Comment f explains the rationale for that exception as follows:

> f. *Differences in the burden of persuasion (Subsection (4)).* To apply issue preclusion in the cases described in Subsection (4) would be to hold, in effect, that the losing party in the first action would also have lost had a significantly different burden been imposed. While there may be many occasions when such a holding would be correct, there are many others in which the allocation and weight of the burden of persuasion (or burden of proof, as it is called in many jurisdictions) are critical in determining who should prevail. Since the process by which the

> issue was adjudicated cannot be reconstructed on the basis of a new and different burden, preclusive effect is properly denied.

Restatement (Second) of Judgments § 28 comment f.

The Restatement also furnishes the following example:

> 10. A brings an action against B for injuries incurred in an automobile accident involving cars driven by A and B. Under the governing law, A has the burden of proving his freedom from contributory negligence. Verdict and judgment are given for B on the basis that A has not sustained that burden. In a subsequent action by B against A for injuries incurred in the same accident, the issue of A's negligence (on which B now has the burden of persuasion) is not concluded by the first judgment.

Restatement (Second) of Judgments § 28 comment f, illustration 10.

In a nutshell, although the issue in the prior litigaton and this case is nominally the same, the context in which it arises is materially different and that difference could easily affect the outcome in this case. The presumptions regarding likelihood of confusion and the strength of DeCosta's mark are significant new elements in the equation that did not exist when *DeCosta I* and *DeCosta II* were decided. Together, they so alter the mix of factors bearing on likelihood of confusion that the prior resolution of the issue does not bar DeCosta's trademark infringement or unfair competition claims in this case.

Nor does the prior litigation bar the misappropriation claim contained in Count II. As previously noted,

collateral estoppel only applies to issues "actually litigated and determined" in the previous suit. In *DeCosta I*, the First Circuit never reached the question of whether DeCosta had proved the elements of his substantive misappropriation claim. Instead, it rejected that claim on the ground that the common law basis for it had been preempted by Art. I, § 8 cl. 8 of the United States Constitution, *DeCosta I*, 377 F.2d at 319, an interpretation that it later acknowledged to be "over-inclusive." *DeCosta II*, 520 F.2d at 510.

In sum, the issues presented in this case are either different from those addressed in *DeCosta I* and *DeCosta II* due to intervening changes in the applicable legal framework or they are issues that were not previously litigated and determined. Accordingly, the plaintiff is not collaterally estopped from maintaining this action.

III. *Laches*

Viacom's final argument is that the instant action is barred by laches. Specifically, it cites DeCosta's long delay in bringing suit and the substantial time and effort it has expended in licensing the series for rebroadcast.

Laches is an affirmative defense that must be proven by the party asserting it. Fed.R.Civ.P. 8(c). Under Rhode Island law, it requires a showing of unexcused failure to assert a known right coupled with prejudice to the adverse party. *Rodrigues v. Santos*, 466 A.2d 306, 311 (R.I. 1983). The mere passage of time is, by itself, insufficient to invoke laches. The delay must result in such an unfair disadvantage to the defendant that the plaintiff should be estopped from asserting his claim. *Gaglione v. Cardi*, 120

R.I. 534, 388 A.2d 361, 364 (1978). What constitutes laches is ordinarily a question of fact to be determined in light of the circumstances of the particular case. *Pukas v. Pukas*, 104 R.I. 542, 247 A.2d 427, 429 (1968); *Arcand v. Haley*, 95 R.I. 357, 187 A.2d 142, 146 (1963).

In order to establish the defense of laches in a trademark action, the defendant must prove each of the following elements:

1. a substantial unexplained delay by the plaintiff prior to filing suit;
2. Awareness by the plaintiff that the disputed trademark was being infringed; and
3. A reliance interest resulting from the defendant's continued development of goodwill during the period of delay.

NAACP v. NAACP Legal Defense & Educ. Fund, 753 F.2d 131, 137 (D.C.Cir.1985).

The defense of laches is a creature of equity. *Jonklaas v. Silverman*, 117 R.I. 691, 370 A.2d 1277, 1280 (1977); *Grand d'Hauteville v. Montgomery*, 92 R.I. 453, 169 A.2d 916, 918 (1961). Consequently, the defendant's reliance must be justifiable in the sense that the defendant must have acted with a reasonable expectation that its conduct was permissible. *See Pukas*, 247 A.2d at 429-430 (change in condition must be in good faith and laches applies if defendant relies in good faith on prior court decree even though decree turned out to be in error). To put it another way, laches may not be used to shield a party from the consequences of conduct it knows to be wrongful. *Baker v. Simmons Co.*, 307 F.2d 458, 466 n. 4 (1st Cir.1962) (laches does not apply if defendant had calculated design to

trade upon plaintiff's reputation and misappropriate goodwill in plaintiff's mark).

In this case, Viacom has done nothing more than cite the lapse of time and the efforts it has expended in promoting DeCosta's idea. It has failed to present any evidence establishing a good faith belief that it was justified in continuing to exploit DeCosta's mark. On the contrary, CBS's opposition to the registration of that mark on the ground that it would interfere with Viacom's syndication rights is powerful evidence indicating knowledge that rebroadcasting the series could violate DeCosta's rights. Nor is there any basis for inferring that it would be otherwise inequitable to allow DeCosta to maintain this action. If Viacom has illegally exploited DeCosta's mark, there is nothing unjust about requiring it to account for the profits it has realized. An equitable defense cannot be invoked to permit a wrongdoer to keep something to which he is not entitled. Consequently, Viacom has failed to establish the requisite elements of a laches defense.

CONCLUSION

For all of the foregoing reasons, Viacom's motion for summary judgment is hereby denied.

IT IS SO ORDERED.

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF RHODE ISLAND

VICTOR DECOSTA

vs CA 89-0548T

VIACOM INTERNATIONAL

JUDGMENT

Judgment is hereby entered with respect to counts 1 and 3 for the plaintiff for compensatory damages, in the amount of $1,000,000.00, plus prejudgment interest from October 31, 1989, plus the costs of this action, plus reasonable attorney's fees.

With respect to counts 2 and 4 judgment is hereby entered for the plaintiff for compensatory damages in the amount of $1,000,000.00, plus prejudgment interest from October 31, 1989, plus the cots of this action, plus reasonable attorney's fees and plus punitive damages in the amount of $2,500,000.00.

INJUNCTIVE RELIEF

With respect to counts 1 through 4 judgment is hereby entered enjoining the defendant, its officers, employees, agents, and those acting in concert with them from directly or indirectly syndicating for broadcast or otherwise authorizing, or permitting the broadcast of any episode of the television series HAVE GUN WILL TRAVEL anywhere in the United States, unless:

(1), all references to and all depictions or portrayals of the calling card, bearing the chess piece logo or slogan

shown in the plaintiff's registration of his mark or any logo or slogan deceptively similar are excised, *and*

(2), a disclaimer is prominently displayed at the beginning and at the end of each broadcasting, acknowledging the plaintiff, as the owner of the registered mark and explaining that the television program HAVE GUN WILL TRAVEL bears no connection to him.

The injunction is stayedfor [sic] a period of 60 days to permit the defendant to seek a further stay from the Court of Appeals. Thirty days from the expiration of this Court's stay, the defendant shall file a written report with this Court, under oath, setting forth in detail the manner and form in which the defendant has complied with the injunction as provided for in 15 U.S.C. 1116.

Judgment is hereby entered for the defendant with respect to count 5, pursuant to the Courts ruling on defendant's motion for directed verdict.

ENTER: BY:

/s/ Ernest C. Torres
ERNEST C. TORRES,
US DISTRICT JUDGE

/s/ Paula Brown
DEPUTY CLERK

OCTOBER 4, 1991

Attest to
True Copy

RAYMOND F. BURGHARDY
Clerk

By Illegible
Deputy Clerk

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF RHODE ISLAND

VICTOR DeCOSTA Plaintiff	CIVIL ACTION - NO. 89-0598T
VS. VIACOM INTERNATIONAL Defendant	Providence, Rhode Island

HEARD BEFORE THE HONORABLE
ERNEST C. TORRES, DISTRICT JUDGE

APPEARANCE:

FOR THE PLAINTIFF: Richard W. Petrocelli, Esquire
and
Mark J. Hagopian, Esquire.

FOR THE DEFENDANT: Robert M. Callagy, Esquire
and
Jan Uhrbach, Esquire

Court Reporter: Judith L. Montie
215 Federal Building
Providence, RI 02903

Proceedings reported by computer-aided stenography, transcript produced by scopist.

[p. 2] FRIDAY, OCTOBER 4, 1991

THE CLERK: Civil Action 89-0598, Victor DeCosta versus Viacom International.

THE COURT: Good morning

ALL: Good morning, Your Honor.

THE COURT: This case is here this morning for the entry of judgment.

As counsel know, the Jury previously returned a verdict for the Plaintiff on the first four counts of the complaint for Federal service mark infringement under the Lanham Act, common law service mark infringement under state law, Federal unfair competition under the Lanham Act, and common law unfair competition under state law, New York law to be precise. And the Jury awarded compensatory damages in the amount of one million dollars and punitive damages in the amount of two point five million dollars.

The issue now before the Court is whether in entering judgment on the Jury's verdict the Court should first increase or decrease the compensatory damages awarded under the Lanham Act counts.

Second, whether it should award interest and/or costs to the Plaintiff.

Third, whether it should award a [p.3] reasonable attorney's fee to the Plaintiff.

Fourth, whether it ought to grant injunctive relief and if so, in what form.

Now, in deciding the form of the final judgment to be entered, the Court must first determine whether the statutory section to be applied is 15 US Code Section 17, Subsection A or Subsection B of that section. Both of those sections deal with violation of service mark rights.

Subsection B was added in 1984 when the Lanham Act was amended. In Subsection B is limited by its terms to intentional use of a counterfeit mark and it mandates an award of treble damages and attorney's fees. The legislative history describes counterfeiting as a uniquely pernicious form of trademark infringement. Generally speaking, a counterfeit is identical copy that the counterfeiter tries to pass off as the more valuable original. And that's consist [sic] with what the legislative history indicates was Congress's purpose in enacting Subsection B; namely, to prevent a purchaser from being defrauded by paying for what the purchaser thought was brand name quality but receiving instead a copy, imitation of inferior quality.

Now, in this case there is no [p.4] evidence that Viacom tried to pass of its product specifically as that of Mr. DeCosta's. Or that its product was less valuable or inferior in quality so that consumers received less than what they paid for so to speak.

Now, what the evidence shows here is that the Paladin character was essentially stolen from Mr. DeCosta and his service mark was used in connection with the television series in such a way as to create a likelihood of confusion and that the Defendant and its predecessor have been unjustly enriched by the misappropriation of Mr. DeCosta's property. Therefore, the governing law is contained not in Subsection B but rather in Subsection A.

The language of Subsection A regarding the circumstances under which the Court may or should award damages in addition to those awarded by the Jury or alternatively reduce the damages awarded by the Jury is

vague and confusing to say the least. However, it does seem clear that Congress intended additional damages to be a means for compensating a successful claimant for damages that he likely sustained but due to the difficulties inherent in proving losses occasioned by trademark infringement could not prove with precise certainty or damages that [p. 5] are not otherwise provided for in the statute. Thus the statute requires that the amount awarded constitute compensation and not a penalty. Moreover, the statute permits the Court to enter judgment for such sums as the Court shall find to be just according to the circumstances of the case.

Applying those principles to this case it's clear that the Jury awarded an amount for profits unjustly realized by Viacom and/or for actual damages sustained by Mr. DeCosta because the evidence regarding the cost of corrective advertizing to remedy reverse confusion placed that cost at somewhere in the neighborhood of six hundred thousand dollars. Had the Jury awarded only an amount to cover that cost of corrective advertizing, the Court would have considered that amount inadequate within the meaning of the statute for its failure to compensate the Plaintiff for the profits unjustly realized by Viacom and in that connection I should say the Court finds, as I believe the Jury did, that Viacom failed to meet the burden of proving all of the elements of the costs or deductions claimed in a manner sufficient to support its contention that it actually incurred a loss on airing this program.

Also the Court would have [p.6] considered an award only of corrective advertizing costs to be inadequate because it would have failed to compensate the Plaintiff

for being wrongfully branded as an impostor in some quarters when it was actually the Plaintiff who originated the character and the associated service mark. It also would have failed to compensate the Plaintiff for the diminution in the value of his mark. For example, it seems quite clear that to the extent that others are using his mark and he had no exclusivity to it his ability to market that mark to other sources was reduced. So for all of those reasons, had the Jury awarded only an amount sufficient to cover the corrective advertizing, the Court would have felt that enhancement of those damages was warranted.

Obviously, there is no precise formula for determining the amount of any such additur but the amount apparently factored in by the Jury strikes the Court as perfectly reasonable measure of the amount necessary to make the Plaintiff whole. And, therefore, since the Jury has awarded that amount, the Court sees no basis for increasing or decreasing the Jury's award pursuant to Subsection A.

As to interest and costs, the costs question is a pretty simple one. The [p. 7] Plaintiff's right to recover costs is clear to the Court. Subsection A specifically provides that subject to the provision of equity the Plaintiff is entitled to recover costs. In this case, there is no equitable reason why the Plaintiff should not recover costs. On the contrary, I don't think it's overstating things at all to say that equity crys [sic] out for an award of costs in this case.

As far as interest is concerned, the Plaintiff's right to recover interest is a little bit more difficult to determine. Unlike Subsection B, subsection A does not specifically

provide for interest. Neither does it prohibit interest. It is simply silent on the question. The Court can think of no plausible reason and defense counsel have been unable to point to any reason that the Court considers plausible for inputting to Congress an intent to permit interest under Subsection B but not under Subsection A.

Moreover, the general rule in this circuit is that when recovery is had under a Federal statute that is silent on the question of interest, the Court should examine the relative equities in determining whether interest is appropriate. In this case, the relative equities in [p. 8] the Court's opinion weigh heavily in the Plaintiff's favor. An award of interest not only serves the remedial purpose of the statute but it's also necessary to make the Plaintiff whole. Without an award of interest, individuals could violate the trademark rights of others – the service marks rights of others with a greater degree of impunity. Furthermore, the interest in this case as the Court has indicated is also necessary to make the Plaintiff whole.

The damages awarded here could have consisted of only three components and in hindsight the Court wishes it had asked the jury to enumerate exactly what the components were but that's water under the bridge right now. It's quite clear only three elements could have gone into that award of damages.

One was actual damages; for example, the diminution of the value of the Plaintiff's mark to the Plaintiff. The second would be the profits unjustly realized by the Defendant and the third would be the cost of corrective advertizing to dispel the reverse confusion engendered by the Defendant's actions.

Any losses that Mr. DeCosta [p. 9] sustained and any profits that were unjustly realized by the Defendant clearly occurred prior to the commencement of this suit. And, therefore, the Plaintiff should be entitled to interest to those sums to compensate him for the time during which he was wrongfully deprived of those amounts.

Similarly the cost of corrective advertizing is nothing more than a measure of the damages sustained as a result of the reversed confusion generated by the Defendant's infringement. It's an index of the extent of those damages. Since that confusion was created prior to the commencement of this suit, the Court find that the Plaintiff is entitled to interest on that sum as well.

In short, it seems to the Court it would be a travesty of justice not to permit the Plaintiff to recover interest particularly in the circumstance such as this where the jury has found and the Court feels with good cause, that the Defendant acted willfully and knowingly.

Indeed, both the Second Circuit in the American Honda case, and the Seventh Circuit in the Gorenstein case have recognized the propriety of awarding interest under Subsection A in cases such as this one.

[p. 10] And finally it seems to the Court that interest is proper because the Federal claims in this case essentially mirror the state law claims which are contained in Counts Two and Four, and interest appears to be provided for under the applicable New York law. And in such cases the First Circuit has said that the Plaintiff is entitled to select which body of law will govern the award of prejudgment interest. And in any event clearly

the Plaintiff would be entitled to interest independently on the state law claims set forth in Counts Two and Four.

As far as the attorney's fees are concerned, Subsection A provides for an award of attorney's fees in what it describes as exceptional cases. Now, the case law defines exceptional cases or exceptional circumstances to include malicious, fraudulent, deliberate or willful acts. And the First Circuit in the Shoeder case has specifically held that applicable to the Lanham Act. If ever there was a case that presented exceptional circumstances, it seems to the Court that this is it. If this isn't an exceptional circumstance, then it's difficult for the Court to imagine a scenario under which exceptional circumstances would be said to exist.

[p. 11] The Jury here found that the Defendant's conduct was sufficiently willful and malicous and intentional to warrant a verdict, a significant verdict, for punitive damages. It also found that the Defendant acted in bad faith by finding for the Plaintiff under Count Four. The Court specifically instructed the jury that in order to return a verdict for the Plaintiff under Count Four, they would have to conclude that the Defendant acted in bad faith.

It seems to the Court that the failure to award attorney's fees here would effectively gut the statute in cases like this one. What would happen is that little people like Mr. DeCosta, who are wronged by large a [sic] corporation with great resources, would find their victories hollow indeed if the amounts they recovered were consumed or perhaps even dwarfed by the attorney's fees that they incurred in achieving those victories. Those would be

Pyrrhic victories indeed, and I doubt that there would be many so-called little people who would seek to vindicate the rights conferred to them by the Lanham Act if they could not recover their attorney's fees particularly in a case such as this where, as I have indicated, the Jury has found conduct sufficient to [p. 12] constitute bad faith and warrant the imposition of punitive damages.

Now, as far as the question of injunctive relief is concerned, that is governed by Section 1116 of the Title 15 of the United States Code. That section confers on the Court the power to grant injunctions according to the principles of equity and upon such terms as the Court may deem reasonable to prevent the violation of any right of registrant of a mark registered in the Patent and Trademark Office. The Plaintiff's right as the registered owner of this service mark is the exclusive right to use that mark in the United States and in connection with appearances as a western character that he created and which has come over the time to be known as Paladin.

In this case, the Jury found that the airing of the television show Have Gun Will Travel constituted infringement of that right and as I have already said a deliberate one at that and that the infringement created a likelihood of confusion. And the Court concurs in that finding and, therefore, finds injunctive relief is necessary to provide Mr. DeCosta with an adequate remedy. The only question is what form should that injunctive relief take. The

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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF RHODE ISLAND

VICTOR DeCOSTA Plaintiff VS. VIACOM INTERNATIONAL Defendant	CIVIL ACTION NO. 89-0598T Tuesday, October 29, 1991 Providence, Rhode Island

HEARD BEFORE THE HONORABLE
ERNEST C. TORRES, DISTRICT JUDGE
(ATTORNEY FEES BENCH DECISION)

APPEARANCE:

FOR THE PLAINTIFF: Richard W. Petrocelli, Esquire
and
Mark Hagopian, Esquire

FOR THE DEFENDANT: Mark A. Fowler, Esquire

COURT REPORTER: Judith L. Montie
215 Federal Building
Providence, RI 02903

Proceedings reported by computer-aided stenography, transcript produced by scopist.

* * *

[p. 4] CA 89-0598T TUESDAY, OCTOBER 29, 1991

drawn from the evidence.

Where it is possible for reasonable people to disagree about the verdict, the First Circuit has said that a motion for judgment NOV should be denied.

A motion for new trial, on the other hand, should be granted only if the Jury's verdict was so clearly against the weight of the evidence as to constitute a manifest miscarriage of justice. Thus, while the Court is permitted to assess the weight of the evidence, it should not act merely as a thirteenth Juror and set a verdict aside simply because it might have reached a different result. The Court should grant a motion for a new trial only if convinced that the verdict is contrary to the clear weight of the evidence or constitutes a seriously erroneous or unjust result.

In this case, the Defendant has advanced numerous arguments in support of its motion. Many were previously addressed by the Court in denying the aforesaid motion to dismiss or in the alternative for summary judgment and the Defendant's motion for a directed verdict. Also the Court has addressed many of these things in stating its reasons for not giving certain requested charges and for directing the entry [p. 5] of judgment on October 4, 1991. And the Court has no intention of rehashing those rulings at this time.

Other arguments advanced in support of the motion presently before the Court are predicated on alleged errors in the Court's charge but the Court sees no reason to address some of those arguments because the right to

raise them was waived by the failure to make timely objections to those aspects of the charge. Once again, the law in this Circuit is quite clear that one cannot complain of a failure to give a charge or an alleged error in the charge unless one timely objects to the charge.

The Court also notes that there are serious questions as to whether with respect to the motion for judgment NOV, at least, some of the arguments raised may be properly considered because they were not asserted in connection with the motion for a directed verdict and whether the motion for judgment NOV itself is properly before the Court because the motion for directed verdict may have been untimely. However, for present purposes, the Court will pass over those problems and consider the merits of the arguments that have been raised while at the same time attempting to minimize repetition of the Court's rulings during prior phases of this case.

[p. 6] The prior adjudication and laches arguments were dealt with at some length in the Court's memorandum and order of March 11, 1991. No more needs to be said at this time other than to note that the Court charged the Jury on the doctrine of laches and that in the Court's judgment there was ample evidence to support the Jury's apparent conclusion that the defense had not been established. Among other things, the Defendant failed to present any evidence that it had justifiably relied on the belief that its actions were permissible and/or had suffered some unfair disadvantage or prejudice as the result of the Plaintiff's failure to assert a claim sooner.

The evidence clearly indicated that the Defendant was aware of Mr. DeCosta's registration in 1985. And, in

fact, one of the Defendant officers filed an affidavit in support of CBS's opposition to that registration presumably out of concern that the registration would affect or impact its rights to air the television show.

Nevertheless, no one from Viacom testified that despite this knowledge it believed that it had a right to syndicate the program or that it made a decision to do so in reliance on the [p. 7] Plaintiff's knowledge of and failure to challenge that syndication.

Thus, the Defendant failed to establish either reliance or justification for any such reliance. Indeed, the fact that the Defendant employs a staff of attorneys and apparently chose not to syndicate the program in southern New England suggests that it did not rely on any belief in the justifiability of its conduct or that such conduct would go unchallenged by Mr. DeCosta.

In addition, the Defendant failed to demonstrate that it suffered any unfair disadvantage or prejudice as a result of Mr. DeCosta's delay in coming forward. This is not a case in which the Defendant claims to have made a significant investment in building something of great value to which it should now be deemed rightfully entitled. The Defendant did nothing more than syndicate the program and, in fact, claims to have lost money in that venture.

Furthermore, to the extent that its syndication unlawfully infringed on the Plaintiff's service mark rights, any loss that it may have suffered as a result of that wrongful conduct can hardly be characterized as constituting an unfair [p. 8] disadvantage or prejudice

As far as the likelihood of confusion argument is concerned, there was ample evidence from which the Jury could conclude that such a likelihood had been established. Evidence was presented that Mr. DeCosta and his mark were known throughout the United States by virtue of the fact that he personally appeared in many states as Paladin and that he distributed thousands of calling cards and autographed photos of himself as Paladin both during those appearances and in response to letters he received from individuals around the country.

There was also evidence that the Defendant's television program makes liberal use of a calling card that is virtually identical to that set forth in Mr. DeCosta's registered service mark. And that it uses that card in association with a western character having the same name. That is to say Paladin. And a physical appearance that is practically indistinguishable from the western character created and portrayed by Mr. DeCosta in connection with the use of his mark.

The Jury's finding of likely confusion is further supported by the fact that registration of Mr. DeCosta's mark itself constitutes [p. 9] prima facie evidence of confusion with the mark utilized in the Defendant's program. Such a finding is further supported by the evidence of actual confusion consisting of the letters received by Mr. DeCosta indicating that the authors of those letters believed him to be connected with the television show and by Mr. DeCosta's testimony to the effect that he was frequently asked about such a connection when he made personal appearances.

In addition, the results of the survey conducted by Professor Venkatdsan, I believe his name was, indicated that the majority of those persons surveyed who had seen the television show believed that there was a connection between Mr. DeCosta's Paladin and the program and that Mr. DeCosta's slogan and logo came from the television show.

Finally, there was evidence of reversed confusion in the form of Mr. DeCosta's testimony that people frequently expressed the belief to him that he was an impostor or an impersonator of the television Paladin and Mr. Schwoegler's testimony that he initially held that belief himself upon meeting Mr. DeCosta.

Not much needs to be said with [p. 10] regard to the secondary meaning issue. There was sufficient evidence for the Jury to find that Mr. DeCosta was widely known as Paladin, a character that the public perceived to be closely associated with the distinctive calling card bearing the logo and slogan that are a part of Mr. DeCosta's registered mark. As previously noted, Mr. DeCosta received letters from throughout the country addressed to Paladin and he frequently encountered people who believed either that he was the source of the television program or that he was impersonating the television Paladin.

The Court previously addressed the issue of compensatory damages in its October 4 comments regarding the entry of judgment. As noted then, there is ample evidence to support the conclusion that the Plaintiff sustained damages in the form of diminution in the value of his

mark, the cost of corrective advertising necessary to dispel the confusion engendered by the Defendant's infringement and the profits unjustly realized by the Defendant as a result of that infringement.

The Defendant's argument that the evidence compels the conclusion that it lost rather than made money on the syndication, is based on the premise that the Jury was required to accept the [p. 11] figures set forth in Exhibit H, I believe it was, at face value. However, the Jury was not required to do that. The burden was on the Defendant to prove by a fair preponderance of the evidence that the expenses it contended to have incurred should be off set against the gross receipts realized.

One of those expenses was a sum of one hundred fifty-five thousand dollars for what was referred to on Exhibit H as other costs which the Defendant's witness described rather vaguely as residual talent payments made to CBS which she, the testifying witness, had little familiarity with and which, in any event, were made before October, 1986, and, therefore, were not properly includable in the profit computation for the period of October 31, 1986 through June, 1991.

Another one of the expenses claimed was Viacom's distribution fee of two hundred seventy-nine thousand dollars which could be very well construed as an element of profit realized by Viacom.

Similarly, there was sufficient evidence which the Jury could have concluded that Viacom acted knowingly and with an intent to violate the Plaintiff's trademark rights or service mark rights or with reckless disregard as to whether its [p. 12] actions would violate those rights.

There was evidence that one of Viacom's officers, as I've said before, submitted an affidavit in opposition to Mr. DeCosta's registration apparently out of concern that such registration would jeopardize the ability of CBS and Viacom to rebroadcast the television program.

Moreover, the fact that Viacom apparently chose not to syndicate the program in southern New England, could have been viewed as evidence that it recognized the possibility that syndication of the program might constitute infringement of Mr. DeCosta's registered mark or might induce him to take some action when he became aware of that syndication.

These facts coupled with the fact that Viacom presented absolutely no evidence that it had been advised by either its legal staff or anyone else that syndication was permissible or that it believed that syndication was not an infringement of Mr. DeCosta's mark adequately support the Jury's finding that the infringement was intentional or reckless and that punitive damages were, therefore, permissible.

Consequently, the Court finds not [p. 13] only that there was sufficient evidence to raise a Jury question on these issues, but also that the Jury's verdict was in accord with the weight of the evidence and does not constitute a manifest miscarriage of justice.

Therefore, the Defendant's motion for judgment NOV or in the alternative for new trial is denied.

Now, that brings us to the question of the attorney fees to be awarded. And, Mr. Petrocelli, you said you had

something to say by way of explanation of your supplementary affidavit.

MR. PETROCELLI: Yes, Your Honor, thank you.

Pursuant to the Court's instructions of last week, we submitted further contemporaneous time records from the computer. Describing the fee in great detail. To be specific. Your Honor, we submitted time records consisting of thirty pages which are attached as Exhibit One to my affidavit. Those time records describe the date, the work performed, the person performing the work, the amount of time and at the end, the amount of fees charged and also itemize each and every element of cost.

* * *

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF RHODE ISLAND

VICTOR DECOSTA	:	C. A. NO. 89-0598
vs	:	
VIACOM INTERNATIONAL, INC.	:	

AMENDED COMPLAINT

Jurisdiction

The jurisdiction of this Court is invoked pursuant to 15 U.S.C. §1121 and §1125 (a), as this matter arises under 15 U.S.C. §1051, *et seq*, Jurisdiction is also invoked pursuant to 28 U.S.C. §1331(a), §1332(a) and (c), §1337 (a) and (c), and §1338(a) and (b), as diversity of citizenship exists between the parties and the matter in controversy exceeds the sum of Fifty Thousand ($50,000.00) Dollars, exclusive of interest and costs.

FACTS

1. Plaintiff is a citizen of the State of Rhode Island and is domiciled in Scituate, Rhode Island.

2. Defendant is a corporation organized and existing under the laws of the State of Delaware, with its principal place of business located in New York, New York, and having sufficient minimum contacts with the State of Rhode Island to subject it to the jurisdiction of this Court.

3. In or about the year 1947, the Plaintiff, then a rodeo rider, conceived the idea of a legendary western hero named "Paladin", who, wearing a moustache, would

dress in a black outfit and white tie, wear a black hat with a medallion in the center, and use as his calling card the legend, "Have Gun will Travel, Wire Paladin." The "Paladin" character and its accouterments, symbol and slogan had never been so presented in the United States and was conceived as an original idea to be utilized by the Plaintiff himself in furnishing public entertainment throughout the United States. A copy of Plaintiff's calling card is attached hereto as Exhibit "A".

4. From 1947 to date, Plaintiff has continuously appeared at numerous rodeos, public and private horseshows, parades and charitable functions throughout the eastern United States, dressed as the character "Paladin" and using as his symbol the aforementioned business card. Additionally, since 1975, Plaintiff has appeared as the character "Paladin" on numerous television talk shows and has used the character "Paladin" to promote the sale of Nissan automobiles, for which use Plaintiff has been compensated.

5. In or about June of 1957, Columbia Broadcasting System, Inc. (hereinafter referred to as "CBS") and Capitol City's Broadcasting Corporation began televising a series entitled "Paladin, Have Gun, Will Travel", starring Richard Boone as "Paladin". That television series was based substantially upon the idea and character created and used by the Plaintiff since 1947.

6. In 1963, Plaintiff filed suit in the United States district Court for the district of Rhode Island against CBS and others on the grounds that Plaintiff had a common law trademark in his character and that the Defendants

had infringed upon Plaintiff's trademark, had misappropriated Plaintiff's character and had committed acts of unfair competition in the use of said character and trademark. Plaintiff also filed an application in the United States Patent and Trademark Office (hereinafter referred to as the "P.T.O.") for the registration of his mark. The P.T.O. suspended action on that application pending the outcome of the federal court litigation.

7. In 1971, CBS purportedly sold syndication rights to the "Paladin" television series to Defendant Viacom International, Inc.

8. In 1974, the United States Magistrate for the district of Rhode Island issued a decision on crossmotions for summary judgment in the aforementioned litigation. the Magistrate specifically found that the Plaintiff had a common law trademark in his character through first use in commerce. The Magistrate also found that the testimony of six persons to the effect that they thought the television character was in fact the Plaintiff, was sufficient evidence of likelihood of confusion as to the source of the character to hold CBS liable for infringement on Plaintiff's mark. The Magistrate held that CBS was guilty of "pirating" Plaintiff's character and that Plaintiff was entitled to an accounting of CBS's profits from the television series and related uses of Plaintiff's mark. The Magistrate's decision was adopted by the District Court and CBS appealed to the First Circuit Court of Appeals.

9. The First Circuit Court of Appeals reversed the decision of the District Court on the grounds that the testimony of six persons that they were confused as to the

source of the character "Paladin" was little or no evidence of *actual* confusion. The Court held that since there was little or no evidence of *actual* confusion there could be no likelihood of confusion. The Court of Appeals concluded that although the Plaintiff had proven CBS to be pirates, Plaintiff had not satisfied the legal test of infringement and was not entitled to share in the "plunder" on common law grounds.

10. Experts in the area of intellectual property characterized that decision as an aberration and concluded that the Court of Appeals applied the wrong standard in determining whether there was an infringement on Plaintiff's mark. Plaintiff sought review of the First Circuit decision in the United States Supreme Court, but certiorari was denied.

11. In 1975, the P.T.O. granted Plaintiff's application for the registration of his mark against the opposition of CBS. The P.T.O. rejected CBS's argument that "the granting of an unrestricted registration to applicant will potentially interrupt opposer's existing agreements and the formation of new agreements, which could cause economic injury to opposers." The P.T.O. held that "applicant herein has the superior right, and opposer must yield even though it may consequently have to endure economic injury." A copy of Plaintiff's federal registration is attached hereto as Exhibit "B".

12. Upon information and belief, Defendant has from 1975 to present willfully and intentionally televised the "Paladin" series intermittently in various cities throughout the United States, including but not limited

to: San Francisco, California; Miami, Florida; and Charlotte, North Carolina; and has done so with full knowledge of Plaintiff's federal registration and with full knowledge of Plaintiff's use of his mark prior to registration. Defendant has neither sought nor obtained the permission of the Plaintiff for such use of Plaintiff's character and mark.

13. Defendant has to its wrongful profit and advantage, confused the public as to the true source of the "Paladin" character, symbol and slogan and has caused and in the future is likely to cause the public to identify said character, symbol and slogan with the television series rather than with Plaintiff.

14. All of the aforementioned unlawful acts of the Defendant have caused Plaintiff to lose valuable business opportunities through the exploitation of his character and mark. Those unlawful acts of the defendant have further caused the Plaintiff to be held up to public scorn and ridicule as being an imitator of, rather than the true source of the character "Paladin", and Plaintiff has been damaged thereby.

15. Plaintiff has suffered and will continue to suffer irreparable damage for which he has no adequate remedy at law, unless Defendant is enjoined from further committing the aforementioned wrongful and unlawful acts.

COUNT I

16. The allegations in Paragraph 1 through 15 are incorporated by reference as if restated verbatim herein.

17. Plaintiff's federal registration has become incontestable under 15 U.S.C. §1065, by virtue of Plaintiff's compliance with the provisions of that statute. As a result, Plaintiff's registration is conclusive evidence of Plaintiff's exclusive right to use his mark in connection with his services as provided by 15 U.S.C. §1115(b)

18. The aforementioned unlawful acts of the Defendant constitute infringement of Plaintiff's federally registered service mark in violation of 15 U.S.C. §1114(1).

WHEREFORE, pursuant to 15 U.S.C. §1116 and §1117, Plaintiff prays that:

1. Defendant be restrained and enjoined from further use of Plaintiff's character and service mark and that Defendant be specifically restrained and enjoined from further televising the series "Paladin, Have Gun, Will Travel" without Plaintiff's permission;

2. Plaintiff be awarded judgment against Defendant in the sum of Ten Million ($10,000,000.00) Dollars, and/or be awarded an equitable accounting of Defendant's profits from the use of Plaintiff's mark, together with interest, costs and a reasonable attorney's fee.

PLAINTIFF,
By his Attorneys,
VISCONTI & PETROCELLI LTD.
/s/ Richard W. Petrocelli
Richard W. Petrocelli, Esquire

/s/ Mark J. Hagopian
Mark J. Hagopian, Esquire
55 Dorrance Street
Providence, RI 02903
(401) 331-3800

COUNT II

19. The allegations in Paragraphs 1 through 18 are incorporated by reference as if restated verbatim herein.

20. The aforementioned unlawful acts of Defendant constitute a misappropriation of Plaintiff's character and an infringement upon Plaintiff's trade and/or service mark at common law.

WHEREFORE, Plaintiff prays that:

1. Defendant be restrained and enjoined from further use of Plaintiff's character and service mark and that Defendant be specifically restrained and enjoined from further televising the series "Paladin, Have Gun, Will Travel" without Plaintiff's permission;

2. Plaintiff be awarded judgment against Defendant in the sum of Ten Million ($10,000,000.00) Dollars in compensatory damages, and/or be awarded an equitable accounting of Defendant's profits from the use of Plaintiff's mark and punitive damages, together with interest, costs and a reasonable attorney's fee.

PLAINTIFF,
By his Attorneys,
VISCONTI & PETROCELLI LTD

/s/ Richard W. Petrocelli
Richard W. Petrocelli, Esquire

/s/ Mark J. Hagopian
Mark J. Hagopian, Esquire
55 Dorrance Street
Providence, RI 02903
(401) 331-3800

COUNT III

21. The allegations in Paragraphs 1 through 20 are incorporated by reference as if restated verbatim herein.

22. The aforementioned unlawful acts of the Defendant constitute unfair competition with the Plaintiff under 15 U.S.C. §1125(a).

WHEREFORE, pursuant to 15 U.S.C. § 1116 and §1117 Plaintiff prays that:

1. Defendant be restrained and enjoined from further use of Plaintiff's character and service mark and that Defendant be specifically restrained and enjoined from further televising the series "Paladin, Have Gun, Will Travel" without Plaintiff's permission;

2. Plaintiff be awarded judgment against Defendant in the sum of Ten Million ($10,000,000.00) Dollars, and/or be awarded an equitable accounting of Defendant's profits from the use of Plaintiff's mark, together with interest, costs and a reasonable attorney's fee.

PLAINTIFF,
By his Attorneys,
VISCONTI & PETROCELLI LTD.

/s/ Richard W. Petrocelli
Richard Petrocelli, Esquire

/s/ Mark J. Hagopian
Mark J. Hagopian, Esquire
55 Dorrance Street
Providence, RI 02903
(401)331-3800

COUNT IV

23. The allegations in Paragraphs 1 through 22 are incorporated by reference as if restated verbatim herein.

24. The aforementioned unlawful acts of the Defendant constitute unfair competition with the Plaintiff at common law.

WHEREFORE, Plaintiff prays that:

1. Defendant be restrained and enjoined from further use of Plaintiff's character and service mark and that Defendant be specifically restrained and enjoined from further televising the series "Paladin, Have Gun, Will Travel" without Plaintiff's permission;

2. Plaintiff be awarded judgment against Defendant in the sum of Ten Million ($10,000,000.00) Dollars in compensatory damages, and/or be awarded an equitable accounting of Defendant's profits from the use of Plaintiff's mark, and punitive damages, together with interest, costs and a reasonable attorney's fee.

PLAINTIFF,
By his Attorneys,
VISCONTI & PETROCELLI LTD.

/s/ Richard W. Petrocelli
Richard W. Petrocelli, Esquire

/s/ Mark J. Hagopian
Mark J. Hagopian, Esquire
55 Dorrance Street
Providence, RI 02903
(401) 331-3800

Plaintiff hereby claims a Trial by Jury on all counts.

EXHIBIT C

Patent and Trademark Office Trademark Trial and Appeal Board

Columbia Broadcasting System, Inc.
v. DeCosta

Decided Aug. 31, 1976
Released Oct. 30, 1976

Trademark opposition No. 52,531 by Columbia Broadcasting System, Inc., against Victor DeCosta, application. Serial No. 356.049, filed Apr. 6, 1970. Opposition dismissed.

Brumbaugh. Graves. Donohue & Raymond, New York, N.Y., for Columbia Broadcasting System, Inc.

Salter & Michaelson, Providence, R.I., for Victor DeCosta.

Before Lefkowitz, Bogorad, and Kera, Members.

Kera, Member.

Victor DeCosta, an individual, has applied for registration of the mark depicted below for services – namely, providing entertainment by making appearances as a Western character at rodeos, parades, hospital functions, and other civic, religious and private functions:[1]

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[1] Ser No. 356.049, filed Apr. 6, 1970, claiming first use in or about July 1947.

HAVE GUN WILL TRAVEL
WIRE PALADIN

Registration of the mark has been opposed by Columbia Broadcasting System, Inc. on the basis of alleged prior use of the name "HAVE GUN WILL TRAVEL" as the title of a television program series and as a service mark, and alleged prior use of the service marks consisting of a design of a chess knight and phrase "WIRE PALADIN" to identify the television series, and alleged use of the two verbal phrases and the design as trademarks licensed by opposer to others for use on products; on the ground that applicant is not the owner of, and is not entitled to registration of, the mark sought to be registered; and on the basis of res judicata arising out of a default judgment obtained by opposer against applicant in an opposition against a previous attempt by applicant to register the same mark here involved.[2]

Applicant admitted certain of the allegations pleaded by opposer and denied others. In particular, applicant denied opposer's allegations of priority of adoption and use and denied that applicant is not the owner of, and is not entitled to register, the mark for which he seeks registration.

It is far from coincidental that the title of opposer's television series and the entirety of the words and designs used by opposer – "HAVE GUN WILL TRAVEL"

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[2] It has been held by the Court of Customs and Patent Appeals that the doctrine of res judicata does not apply to the instant case because of an intervening court decision. DeCosta v. Columbia Broadcasting System, Inc., 182 USPQ 169 (1974).

– are virtually identical individually and as a whole to the elements and composite of applicant's mark. Opposer misappropriated them from applicant, as will be seen from the history of the litigation between the parties described hereafter.

"Thus, the plaintiff [DeCosta] has had the satisfaction of proving the defendants [Columbia Broadcasting System, Inc. et al.] pirates." Columbia Broadcasting System, Inc. v. DeCosta, 153 USPQ 649, 651-652 (CA 1, 1967).

In June 1963, applicant instituted civil litigation against opposer in the U.S. District Court for Rhode Island over the use of applicant's mark, costume and calling card as the name and features of the costume and calling card of the principal character of opposer's television series. On August 17, 1964, opposer filed an opposition in the Patent and Trademark Office against the first application filed by applicant for registration of his mark. Applicant's failure to respond to the notice of opposition resulted in the entry of a default judgment against him on November 23, 1964. A motion filed by applicant on December 24, 1969 to set aside the default judgment was denied by the Trademark Trial and Appeal Board on March 18, 1970.

In the meantime, the Court of Appeals for the First Circuit had rendered judgment on May 11, 1967, in which it reversed a judgment for applicant entered by the District Court for Rhode Island on a jury verdict, 153 USPQ 649. DeCosta I, as this decision came to be identified, dealt only with the issue of misappropriation of literary property. The court held that, because the cards bearing applicant's mark and photograph, of which some 250,000

had been distributed, contained copyrightable subject matter which had not been copyrighted, the complaint of misappropriation of applicant's character could not stand.

On December 11, 1972, this Board granted opposer's motion for summary judgment on the ground that the 1964 default judgment was res judicata and estopped applicant from obtaining a registration, 175 USPQ 498. The Court of Customs and Patent Appeals reversed. 182 USPQ 169 (1974). The Court, at 171, wrote:

> "Thus we have a possible conflict between the finding of the board, implicit in its default judgment of 1964, that appellee [opposer] is the first user of the mark as a service mark and the admission of appellee that the federal district court, affirmed on this point by the court of appeals in 1967, determined that appellant [applicant] was a prior user of the idea and character which appellee misappropriated. In such a situation there can be no doubt that the board would be bound by the determination of the federal court.
>
> * * * [A]ppellant is not estopped from seeking to register its [sic] mark by reason of the default judgment involving the same mark and essentially identical services. The general rule is that where the prior judgment has legal effect and its application to the parties in the case at bar does not involve any genuine issue of material fact, summary judgment may be rendered for the claimant, or the defendant, as the prior judgment may warrant. 6. Moore's Federal Practice 56.17 [52], p. 2664 (1965). However, the intervening decisions of the district court and the court

> of appeals * * * involve genuine issues of material fact which cannot and should not be ignored. We note that this court has previously indicated that facts which have occurred with the passage of time since a default judgment in a prior opposition can avoid application of the doctrine of estoppel. Old Grantian Co., Ltd. v. William Grant & Sons, Ltd., 150 USPQ 58 (1966).

At the same time, the court held that the Board had been correct in denying applicant's cross-motion for summary judgment because that involved unanswered questions on the sufficiency of the facts of record to support registration of applicant's mark.

Thereafter, on June 24, 1975, the Court of Appeals for the First Circuit decided DeCosta v. Columbia Broadcasting System, Inc., 186 USPQ 305 (DeCosta II).

The Court said:

> "Its [the card distributed by plaintiff, applicant herein] three components – the slogan, 'HAVE GUN WILL TRAVEL', the name in the phrase 'WIRE PALADIN', and the knight chess piece – are in categories protectible as common law trade or service marks." 186 USPQ 313.

After expressing misgivings over whether the absence of a profit-oriented enterprise disqualifies plaintiff from protection because the Court could not think of a logical or obvious line of demarcation between a hobbyist who indulges in some creative activity and a performer who is deserving of Lanham Act protection and the Court was apprehensive about creating open-ended rights

which would curtail other creative activity[3], the court wrote, 186 USPQ 314-315, as follows:

> "We shall assume, therefore, that plaintiff's marks meet the requirements of common law service marks. We shall also assume that they are distinctive enough so that proof of secondary meaning is not essential. In the alternative, we shall accept the finding of the magistrate, adopted by the district court, that, at least among some people, plaintiff's name and card had come to be associated with him."

Having found, in our opinion, that applicant possess common law rights in his service marks, which are combined into one composite mark in the application here involved, the court reversed the District Court's judgment for plaintiff solely on the ground:

> "Absent the ultimate fact of confusion, we cannot find a basis for liability for common law

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[3] The issues and questions used by the Court seem to us to be analogous to those which appear in contests over marks used in commercial activities, such as when has a mark been used bona fide and nor merely in token shipments to create and preserve phantom rights (See: La Societe Anonyme Des Parfums Le Galion v. Jean Patou, Inc. 181 USPQ 545 (CA 2, 1974) or whether the initial use of a mark has risen to the level where protectible rights have accrued (See: Blue Bell, Inc. v. Farah Manufacturing Company, 185 USPQ 1 (CA 5, 1975). Whether a philanthropic performer has enough of a continuing reputation to warrant protection would involve an evaluation of such factors as his or her number of performances, the range of size of audiences at those performances, the lapses of time between performances, the geographic areas where performances have been given, the number of invitations to perform that have been received and accepted, and whether the same organizations have repeatedly invited the performer to appear.

service mark infringement or unfair competition." 186 USPQ, at 316.

Subsequent to the denial by the Supreme Court of applicant's petition for a writ of certiorari which made final the decision of the Court of Appeals in DeCosta II, the Board issued an order to opposer to show cause why the opposition should not be dismissed in view of the Court of Appeals' holding that the concurrent use by the parties in connection with their respective services is not likely to cause confusion.

Both parties filed briefs and affidavit evidence in reply to the order to show cause. Neither party objected to the other's affidavit evidence or contradicted or refuted it in any way. Opposer submitted its papers first and applicant then responded.

Applicant's affidavit recites continuous use of his service mark by himself from 1947 to the date of his affidavit, and his statements of current use are supported by copies of letters from various organizations inviting him to appear and a copy of a newspaper report on his appearance at one function. These letters and report are dated at various times in 1974, 1975 and 1976 and indicate that applicant appeared as his "PALADIN" character at different places in Connecticut, Rhode Island and Massachusetts.

Opposer responded to the order with three arguments (after conceding that DeCosta I recognized that applicant was the first to use "HAVE GUN WILL TRAVEL, WIRE PALADIN" and design of chess knight). Opposer's first contention is that the Board's order was contrary to the mandate of the Court of Customs and

Patent Appeals, which reversed summary judgment for opposer and remanded the cause for further proceedings, not inconsistent with the opinion of the Court, which inter alia, stated at 182 USPQ 171:

> " * * * [A]ppellee (opposer) argues that the court of appeals merely found, that appellant was the first user, but not of the mark as a service mark. Our consideration of the facts before us is persuasive that this and other issues pertinent to the requirements for registration necessitate a trial on the merits."

Therefore, opposer maintains, it is entitled to a trial on the merits in which facts pertinent to the requirements for registration can be proven. Opposer contends that the Court of Appeals "did not rule on this issue but it did indicate grave doubts that DeCosta had ever developed any service mark rights".

Opposer's second argument, closely related to the first contention, is that the order to show cause "seeks to short-circuit CBS' ability to prove its superior rights by showing lack of any rights in DeCosta."

Lastly, opposer argues that the granting of a registration to DeCosta would pose a strong threat to opposer's economic interests, in support of which opposer submitted three affidavits. One affidavit states that opposer received more than $10,000,000 in network program charges from 1957 to 1963 (while opposer's program was a network series), received more than $1,000,000 from syndication sales up to 1964, and has received royalties from merchandise license fees on gross sales in excess of $1,500,000. Another affidavit states that Viacom International, Inc., to which syndication rights for the television

series were transferred in 1971, has received in excess of $3,500,000 from domestic and foreign syndication since 1968. It is not explained why Viacom received revenue for years prior to 1971, and no figures for the years 1964 to 1968 have been given. The third affidavit lists twenty-five categories of products for which licenses have been granted by opposer under "HAVE GUN WILL TRAVEL", but apparently not all of these licenses are still in effect.

It is opposer's argument that the granting of an unrestricted registration to applicant will potentially interrupt opposer's existing agreements and the formation of new agreements, which would cause economic injury to opposer. This seems to us to be a bald-faced argument that opposer, already branded a pirate, should be allowed to make off with additional plunder unhindered by any inconvenience that might result from the recognition of applicant's lawful rights. We shall determine applicant's right to registration on its own merits and leave for the future any economic consequences thereof.

In deciding whether a trial on the merits is still required, we must examine the decisions in DeCosta I and DeCosta II to see whether any of the issues which were open when the Court of Customs and Patent Appeals wrote in 1974 are unresolved or have been foreclosed from further consideration. As the CCPA said, 182 USPQ 169, at 171, " * * * the board would be bound by the determination of the federal courts." To this we add that the application of the conventional principles of collateral estoppel would foreclose the relitigation of any factual questions that have already been decided between the parties and which were necessarily determined in the prior action. See: Weight Watchers International, Inc. v.

Continental Scale Corporation, 189 USPQ 803 (TT&A Bd., 1975).

DeCosta I found that applicant had begun to use "HAVE GUN WILL TRAVEL, WIRE PALADIN" and design of chess knight ten years before opposer broadcast the first episode of its "HAVE GUN WILL TRAVEL" television series (which we assume – and there is no indication to the contrary – preceded the merchandise licenses which exploited the television series) and that applicant had, by the time of the trial in Rhode Island, distributed 250,000 cards bearing his mark, 153 USPQ 649, 651. In these particulars, the Court was reciting some of the facts on which a jury had found for applicant as the plaintiff in the First District Court trial.

De Costa II found that "HAVE GUN WILL TRAVEL", "WIRE PALADIN" and chess night design are in categories protectible as common law trade or service marks, 186 USPQ 305, at 313; reported the findings of the magistrate (to whom the trial of the second and third causes of action had been referred by stipulation), that plaintiff had used his service marks (the three components of the composite mark here involved) in interstate commerce to advertise his services, that applicant had appeared (performed) regularly in various states, and that applicant's activity constituted the rendering of service in interstate commerce, 186 USPQ, at 313; and assumed, for purposes of the decision, that applicant's marks meet the requirements of common law service marks and are distinctive enough so that proof of secondary meaning is not essential. 186 USPQ, at 314. The unreversed findings of fact of the magistrate, adopted by the District Court, which were essential to the judgment entered for applicant in the

District Court, are, of course, just as binding on the parties and on us as are findings by the Court of Appeals.

Therefore it has been conclusively found in favor of applicant and against opposer that the three components of the mark presented for registration, and therefore the mark as a whole, are in categories protectible as common law service marks; that applicant had, by some date before May 1967, distributed some 250,000 of his cards bearing his mark; that he had rendered his services in various states, which activity constituted interstate commerce; that applicant's mark meets the requirements of common law service marks; and that applicant's three marks in issue in the court litigation are distinctive enough so that proof of secondary meaning is not essential, or alternatively, that at least among some people, applicant's name and card had come to be associated with him, from which it follows a fortiori that his composite mark is distinctive and entitled to registration. If the issue were presented for our independent judgment, we would determine that applicant's mark is inherently distinctive and qualified for registration. Finally, it has been conclusively decided that applicant enjoys priority by reason of regular use from a date long prior to any date of use assertable by opposer.

Registration of a trademark or service mark under the Trademark Act does not create the right in the mark; it only recognizes the right acquired by use. See: La Societe Anonyme Des Parfums Le Galion v. Jean Patou, Inc. 181 USPQ 545 (CA 2, 1974). A single use of a mark in commerce may be sufficient to qualify the mark for registration. See: Fort Howard Paper Company v. Kimberly-Clark Corp., 157 USPQ 55 (CCPA, 1968). The registration of applicant's mark would recognize the rights he has

acquired from use of an inherently valid mark to a degree far exceeding the minimum requirement for registration.

The mandate of the Court of Customs and Patent Appeals must be interpreted and applied in the light of the subsequent opinion in DeCosta II. Considering all of the facts that have been decided in the protracted litigation between the parties, we cannot perceive any question pertinent to applicant's right of registration that remains unanswered nor can we locate any impediment to the registration of applicant's service mark.

Opposer's argument that the issuance of a registration to applicant may upset opposer's existing and future television syndication and merchandise licensing agreements, apart from lacking any appeal to our equitable conscience, is fully answered by the principle that a subsequent user, even in a territorially remote area, cannot be damaged in a legal sense by the issuance of an unrestricted registration to the prior user, who has superior rights as a result of his priority See: Hollowform, Inc. v. Delma AEH, 185 USPQ 790 (CCPA, 1975). Applicant herein has the superior right, and opposer must yield even though it may consequently have to endure economic injury. See: The American Novawood Corporation v. U.S. Plywood Champion Papers, Inc., 165 USPQ 613 (CCPA, 1970).

Finally, as already noted, DeCosta II was decided on the ground that there is no likelihood of confusion.

Decision

The opposition is dismissed.

Victor DeCOSTA, Plaintiff-Appellee,

v.

COLUMBIA BROADCASTING SYSTEM, INC., et al., Defendants-Appellants.

No. 74-1391.

United States Court of Appeals, First Circuit.

Argued March 5, 1975.

Decided June 24, 1975.

Certiorari Denied Jan. 19, 1976. See 96 S.Ct. 856.

Eugene L. Girden, New York City, with whom Knight Edwards, Edwards & Angell, Carleton G. Eldridge, Jr., Coudert Brothers, John M. Keene, III, Michael J. Calvey, New York City, and David Wolf, Boston, Mass., were on brief, for defendants-appellants.

Alan T. Dworkin, Providence, R. I., with whom Leonard Michaelson, Providence, R. I., was on brief, for plaintiff-appellee.

Before COFFIN, Chief Judge, ALDRICH and McENTEE, Circuit Judges.

COFFIN, Chief Judge.

Plaintiff, a dozen years ago, began this suit against the Columbia Broadcasting System, Inc. and allied corporations (CBS) to seek compensation for their unauthorized use of a character concept he had developed, embodying a costume, slogan, name, and symbol.

A mechanic living in Cranston, Rhode Island, his avocation had been to don an all black cowboy suit, with a St. Mary's medal affixed to his flat crowned black hat, a chess symbol to his holster, and an antique derringer secreted under his arm, and make public appearances at rodeos and other events, meeting innumberable children, and passing out his card, inscribed with a chess set knight, proclaiming "Have Gun Will Travel, Wire Paladin, N. Court St., Cranston, R.I." We described these events in greater detail when this case was before us on appeal from the first count[1] in his complaint, *Columbia Broadcasting System, Inc. v. DeCosta, (DeCosta I)*, 377 F.2d 315 (1967) *cert. denied*, 389 U.S. 1007, 88 S.Ct. 565, 19 L.Ed.2d 63 (1968). As every well-versed television viewer of the late fifties and early sixties knows, the gestalt conveyed by plaintiff's costume and accessories found its way into defendants' television series. "Have Gun Will Travel", which enjoyed enormous popularity for over eight years in its initial run, grossing in excess of fourteen million dollars.

The claim below, in the remaining counts two and three of the complaint, asserted a wilful and intentional infringement of plaintiff's common law trademark and/or service mark and unfair competition. The plaintiff sought both injunctive and monetary relief, including an accounting for all profits made by defendants in broadcasting "Have Gun Will Travel". The first count had been tried before a jury. When this court reversed the result obtained in that trial, the case was retuned to the district

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[1] The first count charged a wilful misappropriation through copying plaintiff's idea and character.

court where the parties entered into a stipulation that counts two and three be determined by the district judge on the basis of the trial transcript, including all exhibits, together with a stipulation of additional testimony. 383 F.Supp. 326, 327.

Subsequent to this stipulation the following order was entered by the district court on October 5, 1973:

> "Pursuant to stipulation of the parties on each side and of counsel on each side, the above captioned case is referred, under authority of 28 U.S.C. 636, to United States Magistrate Jacob Hagopian for hearing and determination to be had on or before November 5, 1973."

Six months later, on April 15, 1974, a report was filed by the magistrate setting forth his findings of fact and conclusions of law sustaining the plaintiff's position. Five days after this report was filed, the defendants objected to the reference for the first time and argued that the parties were without authority to consent to reference and that the decision of the magistrate had been *ultra vires*. The district court ruled that the consensual reference granted the magistrate the power to "determine" the issues in the case. It therefore held the magistrate's exercise of jurisdiction legitimate and restricted its own review to a search for "manifest error" of fact or law. Finding none, it affirmed the magistrate's decision and entered judgment thereon. This appeal challenges both the propriety of the reference and the decision on the merits.

* * *

II. The Merits.

We proceed to review the magistrate's findings in the light of the pleadings, the evidence, and the law. In *DeCosta I* we considered only the first cause of action in the complaint – that for misappropriation of "the idea and character", seeking damages based on defendants' unjust enrichment. Before us now are plaintiff's second and third causes of action, for trademark and/or service mark infringement and for unfair competition. In the second cause of action, plaintiff alleges that the slogan "Have Gun Will Travel", together with a figure of a knight chess piece and the words "Wire Paladin", as used in his calling cards, constituted his distinctive common law service mark or marks, which defendants intentionally infringed, appropriating the goodwill created by plaintiff, causing him serious financial damage. In the third cause of action plaintiff alleges that defendants intentionally copied plaintiff's service marks and his manner of dress (black outfit, white tie, mustache, etc.), and passed off their television character of Paladin as the original Paladin portrayed by plaintiff, profiting and diluting plaintiff's established goodwill, thereby deriving unjust profits. Plaintiff sought injunctive relief, an accounting for all profits, a trebling of "profits lost and damages suffered by plaintiff", plus a separate item of $2,000,000 damages.

The magistrate's well ordered opinion on cross motions or summary judgment was divided into findings of fact, a discussion of preemption and other threshold legal issues, and conclusions of law. After rehearsing the general factual background described in *DeCosta I*, 377 F.2d at 316-317, he made the following critical findings:

(1) As to secondary meaning – some 21 witnesses knew plaintiff as Paladin, 18 had seen him pass out his cards and plaintiff received cards and letters addressed to him as Paladin; (2) As to confusion – the card and costume marks and dress of plaintiff were identical to those used in defendants' TV series, with attendant "great likelihood of confusion"; 21 witnesses discerned a similarity between plaintiff and the television Paladin, six first thought the television Paladin was plaintiff; (3) As to plaintiff's commercial activity – he "commercially held himself out to be 'Paladin' " and used his marks in interstate commerce to advertise his services as an entertainer, and in connection with his appearances at his pony ring where children paid for rides, and appearances at paid admission rodeos.

In his legal discussion the magistrate held that *DeCosta I* had not precluded recovery on the second and third causes of action; that the *Sears-Compco* decision[21] had not preempted application of the common law of service marks and unfair competition or of the Lanham Act, 15 U.S.C. §§ 1125 and 1127; that a belated res judicata claim of defendants based on a trade mark administrative proceeding was not available; that plaintiff was not barred by laches in bringing this action six years after the alleged infringement; and that New York policy and law (as well as the Lanham Act, which is consistent therewith) applied.

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[21] *Sears Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 84 S.Ct. 784, 11 L.Ed.2d 661 (1964); *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 84 S.Ct. 779, 11 L.Ed.2d 669 (1964).

Finally, the magistrate concluded that plaintiff's marks were not within the scope of copyright laws; that they had been used in interstate commerce, and had acquired a secondary meaning; and that, although there was no direct competition involved defendants had infringed, had falsely advertised them to be their own, and had therefore unfairly competed. He held that defendants should account to plaintiff for all profits arising from the use of plaintiff's service marks.

We note at the outset of our analysis that two allegations of the complaint meet with no response in the findings of the magistrate; in the second cause of action the allegation of financial damage, and in the third cause of action, the allegation of "passing off". Since plaintiff's role-playing as Paladin was uncompensated, we think that any finding of financial damage would have been unsupported. We say the same about "passing off"; there is no evidence that the CBS nationwide television venture ever sought to draw luster from the Cranston paradigm. We recognize that precision of pleading no longer can be an absolute determinant of either liability or remedy. What, if any effect these gaps between pleading and proof have we leave for later analysis.

Picking our way through the cluster of issues in several related but different fields of the law, we start where we left off, at *DeCosta I*. We there gave what has since been characterized as an expansive reading to *Sears* and *Compco*. *See, e. g.*, Comment, *Copyright Pre-emption and Character Values; The Paladin Case as an Extension of Sears and Compco*, 66 Mich.L.Rev. 1018 (1967-1968). We held that "if a 'writing' is within the scope of the constitutional clause, and Congress has not protected it,

whether deliberately or by unexplained omission, it can be freely copied." 377 F.2d at 319. Since the cards – including the photograph – "were unquestionably 'writings' within the meaning of the copyright clause, and arguably were copyrightable under the statute", *id.* at 321, we concluded that plaintiff could prevent others from copying them.[22]

We now know, after *Goldstein v. California*, 412 U.S. 546, 560, 93 S.Ct. 2303, 2311, 37 L.Ed.2d 163 (1973), that "under the Constitution, the States have not relinquished all power to grant to authors 'the exclusive Right to their respective Writings'." In *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470, 478-479, 94 S.Ct. 1879, 1885, 40 L.Ed.2d 315 (1974), this holding was summarized: "at least in the case of writings, the States were not prohibited from encouraging and protecting the efforts of those within their borders by appropriate legislation." Were we to take this literally, we would see no reason to look on *Goldstein* as relevant to this case; plaintiff relies on a common law service mark as subsumed also by a federal statute, 15 U.S.C. § 1125 (part of the Lanham Act), but not state legislation. Nevertheless, since the countervailing state law found sufficient in *Kewanee* was common law, not statutory law, we do not read its capsule of *Goldstein* literally.

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[22] To the extent that a "character" was "ineffable", incapable of "concerete describable manifestation of intellectual creation", and therefore ineligible for copyright protection, we thought it also ineligible for any protection, state or federal. Pre-*Goldstein*, this supposition had respectable support. *See* Nimmer. The Law of Copyright. Vol. I, § 30, p. 137, n. 595.

We face a dilemma. *Goldstein* tells us that we were, in our interpretation of the preemptive reach of the Copyright Clause, over-inclusive. And yet, what we decided in *DeCosta I* has settled, for this case, the issue of misappropriation. Had *Sears* and *Campco* remained unglossed, we might well rule that *DeCosta I* had predetermined our decision on the second and third causes of action. For if defendants could not be prohibited from copying the cards, which gave the defendants all that they took from plaintiff and incorporated in their series, would not any sanction, whether based on service mark infringement or unfair competition, denigrate their license? We do not, however, rest on any such implications of *De Costa I*, realizing that we do not have a tabula rasa to write upon.

A starting point, of course, is the explicit domain left open in *Sears*, that a state "may protect businesses in the use of their trademarks, labels, or distinctive dress in the packaging of goods so as to prevent others, by imitating such markings, from misleading purchasers as to the source of such goods." 376 U.S. 225, 232, 84 S.Ct. 784, 789.[23] A second guideline is that in *DeCosta I* we dealt only with copying "simpliciter"; to the extent that other elements of other causes of action are relevant, we are free to consider them. In the context of the instant case, we are free to consider deception and passing off, secondary meaning and likelihood of confusion.

Our first inquiry is whether plaintiff's marks and dress are protectible under either the broad concept of

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[23] While the Court makes reference to goods, we construe the caveat to apply also to common law service marks.

unfair competition or that part of unfair competition dealing with trade and service mark infringement. As to plaintiff's dress, this may have had less claim to protection against infringement than his card. For there is no question but that the photograph of plaintiff in full regalia which he widely distributed was copyrightable. 17 U.S.C. § 5(j), *Burrow-Giles Lithographic Co. v. Sarony*, 111 U.S. 53, 4 S.Ct. 279, 28 L.Ed. 349 (1884). The card is less vulnerable on copyright preemption grounds. Its three components – the slogan, "Have Gun Will Travel", the name in the phrase "Wire Paladin", and the knight chess piece – are in categories protectible as common law trade or service marks. *See, e. g.*, Callman, The Law of Trademarks, Vol. 3, § 77.4(g) (slogans); § 66.1 (trade names).

What is not clear is whether plaintiff's activities in connection with his marks entitle him to the protection of trade and service mark law. As we said in *DeCosta I*, 377 F.2d at 316, "[t]his was perhaps one of the purest promotions ever staged, for plaintiff did not seek anything but the entertainment of others." Plaintiff testified that he never used the name "Paladin", the slogan or the chess piece for any business use, and never published any advertisements; that he did not even receive his expenses for appearances at horse shows and rodeos; and that the distribution and mailing of pictures and cards was costly to him. The closest point to commercialism that plaintiff came was in conducting a horse trading business at a ranch, where he stapled some of his cards to some beams near the ceiling of a barn. In 1953, he left that ranch and established a pony ranch, sold rides and, in costume, passed out cards and photographs to children. This business ended in September of 1957, when plaintiff had to

move out. Ironically, this was the month when defendant's television series commenced. From then through 1964 plaintiff continued to appear in parades, at hospitals, and at other gatherings, but was not, apart from his employment as a mechanic, associated with any business venture.

While the magistrate found that plaintiff "commercially held himself out" to be "Paladin", and that he used his service marks in interstate commerce to advertise his services, we interpret his holdings not as purely factual ones but as decisions combining both law and fact. That is, the findings could not, on this record, be that plaintiff was engaged in a remunerative business, sparked by the profit motive. Rather, they were findings that plaintiff regularly (on week-ends) held himself out as a personality and entertainer, appearing in various states, and that, even though he incurred expense without receiving income, his activity constituted the rendering of service in interstate commerce. The Lanham Act, 15 U.S.C. § 1127, is, for our purposes, delphic, that is, circular in its relevant definitions. It defines a service mark as "a mark used in the sale or advertising of services to identify the services of one person and distinguish them from the services of others."[24] "Commerce" means "all commerce which may lawfully be regulated by Congress" and a service mark is deemed to be used in commerce "when it is used or displayed in the sale or advertising of services

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[24] It adds, "Titles, character names and other distinctive features of radio or television programs may be registered as service marks notwithstanding that they, or the programs, may advertise the goods of the sponsor."

and the services are rendered in commerce, or . . . in more than one State . . . and the person rendering the services is engaged in commerce in connection therewith."

Defendants rely on cases such as *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 36 S.Ct. 357, 60 L.Ed. 713 (1916) and *United Drug Co. v. Rectanus Co.*, 248 U.S. 90, 39 S.Ct. 48, 63 L.Ed. 141 (1918), for support of the proposition that a trade mark is inseparable from the goodwill of a business. Defendants also cite the recent case, *Heinemann v. General Motors Corp.*, 342 F.Supp. 203 (N.D.Ill. 1972), *aff'd*, 478 F.2d 1405 (7th Cir. 1973). In that case a plaintiff had "modified" an ancient Model A Ford and had named it "The Judge", after the well known skit in "Laugh In", a television show. He raced and exhibited his car, occasionally receiving a mileage allowance, radio advertising, and free entry in a race. He intended to open an automobile equipment shop and capitalize on the good will generated by the slogan. After defendant General Motors brought out a new Pontiac called "The Judge", plaintiff adopted another name. The court rejected plaintiff's claims for trade and service mark infringement and unfair competition, holding, citing only *Rectanus, supra*, that the slogan, to be profitable, must be used in connection with a trade or business at the time of the infringing activity. All plaintiff had was the desire to open a business in the future, together with the hobby of racing and displaying his automobile.

From a policy point of view, the functions served by a trademark (or service mark) – an indication of origin, a guarantee of quality, and a medium of advertisement, 3 Callman, § 66.3, p. 36 – suggest association with enterprises selling their goods or services. Callman refers to a

service mark as "the mark of a business that only renders service and is not engaged in the manufacture or sale of goods." *Id.* § 68.1, p. 69. And, again, "The service mark must, of course, be used as an identification mark, and it must perform the same functions in the selling and advertising of services that a trademark traditionally performs in respect of goods." *Id.* § 68.1, p. 71.[25] Our impression, derived from our scrutiny of the cases, the treatises with their myriads of citations, and the periodical literature including the Trade Mark Reporter, is that virtually all the litigation and doctrine center about the pursuit of economic gain.

We say "virtually" because the law of unfair competition now protects "eleemosynary organizations [which] function in commerce and, in form, resemble business enterprises. . . . The happenstance that they are nonprofit-seeking ventures, and therefore removed, as such, from the rigors of business competition, neither eliminates the element of competition nor disentitles them to protection against the unfair competition of similar organizations." Callman, Vol. 1, § 1.1, p. 4. *See, e.g., The President and Trustees of Colby College v. Colby College – New Hampshire,* 508 F.2d 804 (1st Cir. 1975). While the quoted passage speaks only of protection against unfair competition from similar institutions, we have no doubt that a non-profit institution may protect its name against filching by a commercial company. It is not a big step in theory to say

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[25] *See, also,* Callman, Vol. 1, § 2.2 for a discussion of good will, in which the common core, whatever may be the generating cause, is economic and pecuniary advantage of a going concern.

that an individual who develops and promotes for entertainment purposes a specialty character associated with a distinctive name, costume, slogan, and other marks, but who never charges a fee, is also entitled to protection under the common law doctrine relating to trademarks and unfair competition. But, if the step were taken, what principle should both guide and limit? If plaintiff is recognized as one who performs services in commerce, what about the hobbyist magician, square dance caller, story teller, amateur actor, singer, barbershop quartet, standup comic? How frequent must be the appearances? How prominent the mark? How often must the performer appear in other states to enjoy Lanham Act protection? We know of no logical or obvious line of demarcation. The price of an open-ended extension of protection for some creative activity is, pro tanto, a curtailment of the borrowing, poaching, imitation which underlie so much other innovative activity.

Protection at present has the merits of inherent limitations: the existence of a trade, business, or profession where the "good will" to be protected has been subject to the acid test of the willingness of people to pay for goods or services; or, in the case of nonprofit institutions, the voluntary investment in time, effort, and money of many individuals to create and maintain a program of sufficient interest to consumers, members, and sponsors to warrant protection. We hesitate to take the step of offering common law unfair competition protection to eleemosynary individuals. Whether legislatures are better equipped than courts to deal with this problem, we cannot clearly say, but in our posture of doubt would prefer to see expansion of protection come from that source.

Having exposed our misgivings, we do not rely on a holding that the absence of a profit-oriented enterprise disqualifies plaintiff from protection. We shall assume, therefore, that plaintiff's marks meet the requirements of common law service marks. We also shall assume that they are distinctive enough so that proof of secondary meaning is not essential. In the alternative, we shall accept the finding of the magistrate, adopted by the district court, that, at least among some people, plaintiff's name and card had come to be associated with him.

This brings us to the critical issue: whether there was a deceiving of the public as the result of defendants' actions. As we have noted, there was not and could not supportably have a been a [sic] finding that defendants passed off or palmed off their "Paladin" and television program as the creations of plaintiff. Having already decided in *DeCosta I* that there was no culpable misappropriation, we are left with the issue of confusion, we are left with the issue of confusion, or its likelihood.[26] As Callman has said, "It is the gravemen of an action for trademark infringement that the defendant's use of a trademark similar to the plaintiffs' created a likelihood of confusion." Callman, Vol. 3, § 80, p. 538. He states further that "There is a confusion of goods when an 'ordinarily

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[26] This is consistent with the approach of the magistrate, who held that New York law was applicable. He cited and quoted, *inter alia*, *Geisel v. Poynter Products, Inc.*, 238 F.Supp. 261 (S.D.N.Y.1968), which, in applying New York law, said. "The plaintiff is not required to prove actual palming-off. A showing of the likelihood of customer confusion as to the source of the goods is sufficient."

prudent purchaser would be liable to purchase one product in the belief that he was purchasing the other.' " *Id.* at 541 [footnote omitted]. In resolving this issue there are several guidelines: there need not be a similarity of competing activities, *id.* at 539, or goods or services of the same description; confusion may consist in misleading as to the identity of goods, or of source, or of a relationship to the originator, *id.* at 543-546; and "Mere visual or side-by-side comparisons of the trademarks will not alone suffice. Extrinsic facts are highly significant, as, for example the types of goods, the classes of prospective purchasers, the competitive relationship of the parties, third party registrations, the extent of the public's awareness of the plaintiff's trademark, the manner of trademark use (visual, auditory, or mental), the degree of the defendant's necessity to use his mark, and the trend towards expansion in the respective trade or industry as to territory or line of merchandise."[27] *Id.* at 556.

There is another factor, we think, which should guide a judgment as to likelihood of confusion – the time when the evidence is submitted. There is ample reason, at the incipiency of an alleged infringement, in a suit seeking injunctive relief, for a plaintiff to argue and a court to rule that the similarity of marks is such that confusion is all too likely to ensue. Plaintiff should not be expected to stand by and await the dismal proof. Callman, Vol. 3, § 80.6, pp. 559-560. "[C]onversely", adds Callman, "after

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[27] Following the passage, Callman adds, in his 1974 Cumulative Supplement, p. 46. "Such extrinsic facts may be so controlling that, notwithstanding the identity of the conflicting trademarks, there is no likelihood of confusion."

the lapse of substantial time if no one appears to have been actually deceived that fact is strongly probative of the defense that there is no likelihood of deception arising out of the use of the mark in question." *Id.* at 562. Defendants have urged that plaintiff, having delayed for almost the entire limitations period before bringing suit, should be barred by the doctrine of estoppel by laches from further prosecution of this litigation. Plaintiff's rejoiner is that he was, during this period, going from attorney to attorney, seeking assistance before he was able to make progress. We do not find in the authorities sufficient support, where defendants' action was found by the jury to be deliberate and knowing, to invoke this doctrine. Nevertheless, we do say that the delay, for reasons stated, increases the quantum of proof of confusion which the plaintiff has the obligation to supply.

When we examine the magistrate's opinion on this issue, we find only a finding as to the identical nature of the marks used by plaintiff and defendants and the resulting "great likelihood of confusion" therefrom, and another that "At least 6 . . . witnesses testified that they had at first thought, on viewing the television program, that Richard Boone was the plaintiff Mr. DeCosta until they learned the contrary from viewing the credits of the show, or otherwise."[28] The paucity of these findings takes on some significance when we note that after remand of

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[28] Another finding, that 21 witnesses thought on viewing the television program that "There was a physical similarity" between plaintiff and the television character falls short of proof that they were "actually deceived".

the case to the district court in 1968, following our decision in *DeCosta I*, the plaintiff was given the opportunity to supplement the record in support of his second and third causes of action. The quoted findings are the result.

The magistrate's findings being treated as final, they are here subject to the same standard of review as are district court findings under Fed.R.Civ.Pro 52(a). They must be accepted unless clearly erroneous. On this issue, however, we see no alternative to saying the finding is not supported. If the identity of the marks settled the question of likelihood of confusion, there was no need for further evidence after *DeCosta I;* we had taken some pains to make the point. But, in fact (rather, in law) extrinsic evidence, as we have noted, should be considered. Here, the disparities are substantial. Plaintiff's enterprise was localized; defendants' was nationwide. Plaintiff's appearances were simple happenings, passing out cards and pictures, riding, occasionally walking his horse, and executing a quick draw gun maneuver; defendants' extrinsic television series portrayed an elegant hired gun on manifold missions. Plaintiff's "customers" were attendees at rodeos and parades, patients at hospitals, etc.; defendants' purchasers were its program's sponsors, who in turn were responsive to the nation's television audience. Moreover, plaintiff's suit was not brought in 1957 when the alleged infringement began; the testimony as to likelihood of confusion was introduced by affidavit eleven years later, when the first run of defendants' series had terminated. After this lapse of time, the testimony of six witnesses that they thought, on first viewing the program, that the television character Paladin was plaintiff, seems to us either no evidence at all or such minimal

evidence as not to support a finding of likelihood of confusion requiring an accounting of defendants' profits from a highly successful, 225 episode series grossing over fourteen million dollars. We do no blame plaintiff or counsel; we suspect that the most exacting search for proof would not have produced more.

We recognize that plaintiff has lost something of value to him. The very success of defendants' series staturated the public consciousness and in time diluted the attractiveness of plaintiff's creation, although he continued his appearances longer than defendants' first run. While he was not injured financially, there can be no doubt that he has felt deprived. As a commentator has observed. "[I]t could be argued that the most appropriate measure of damages would be the emotional harm that he suffered when CBS exploited his character and lured his audience away." 66 Mich.L.Rev. at 1034. But to give any relief, however tailored, we need a predicate of liability. Absent the ultimate fact of confusion, we cannot find a basis for liability for common law service mark infringement or unfair competition.

Judgment reversed. Remanded with instructions to enter judgment for defendants.

ALDRICH, Senior Judge, (concurring).

I concur in the court's opinion, except in the possibilities it leaves open with respect to review of a magistrate's rulings of law. The court makes the correct decision, that the magistrate's rulings are fully reviewable, but I am, perhaps out of an excess of caution, disturbed that by its reference to arbitrators, and to a

phrase in *Kimberly v. Arms*, 129 U.S. 512, 9 S.Ct. 355, 32 L.Ed. 764, it should even contemplate other possibilities.

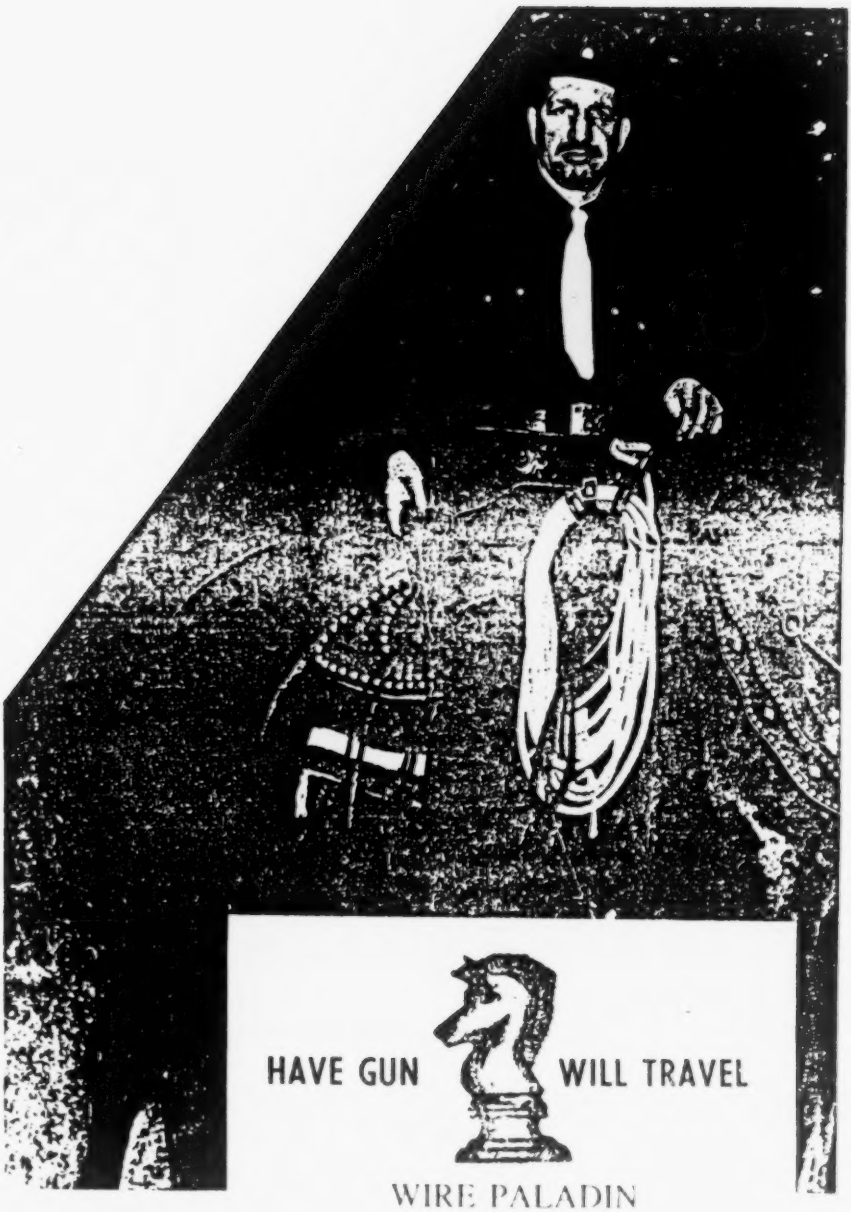
As to the first mentioned, it is true that arbitrators are normally free of review, legal as well as factual. I do not believe, however, that the magistrate system was provided by Congress to furnish free arbitration service. If parties are content to work outside the judicial system, well and good, but I cannot think Congress intended to pay for it, even though, in a broad sense, a non-reviewable magistrate would "assist" the courts more than one subject to review. I add that to have such unlimited power would not be good for magistrates themselves, who must normally function in a framework of assistance, not of final decision. *Cf. O'Shea v. United States*, 1 Cir., 1974, 491 F.2d 774.

At least non-review would be a recognizable procedure. The intermediate suggestion, that magistrates should, with the consent of the parties, make rulings of law are subject to review for manifest error, only, to me makes no sense whatever. It would be an anomaly in the law. I do not know the standard it suggests, or how one would apply it. In the case of an alleged manifest error of fact, if the evidence supports a finding either way the magistrate's choice will be final. How does a magistrate have discretion to choose between two rulings of law? The law is the law. Of course there maybe a non-prejudicial error, but that is not what the court is talking about. Secondly, why should a magistrate be given such power? The court's recognition of such a possibility seems to me both unworkable and unwarranted.

It is true that in the case of *Kimberly v. Arms*, 1889, 129 U.S. 512, 9 S.Ct. 355, 32 L.Ed. 764, the Court might be thought of having spoken of such a form of review. I believe, however, that the language should be taken as a whole. At page 524, 9 S.Ct. at page 359 appears the following:

> "A reference by consent of parties, of an entire case for the determination of all its issues, though not strictly a submission of the controversy to arbitration – a proceeding which is governed by special rules – is a submission of the controversy to a tribunal of the parties' own selection, to be governed in its conduct by the ordinary rules applicable to the administration of justice in tribunals established by law. Its findings, like those of an independent tribunal, are to be taken as presumptively correct, subject, indeed, to be reviewed, under the reservation contained in the consent and order of the court, when there has been manifest error in the consideration given to the evidence, or in the application of the law, but not otherwise."

If by this language the court meant that the errors of law, there by a special master, where less reviewable than what has since been fully understood to be the normal scrutiny applied to masters, and certainly is applied to rulings of Article III judges, I believe it was an inadvertence. If not, it has never been repeated. I see no basis for suggesting that a magistrate should be in such a unique position that he is less reviewable than anyone else in the judicial system, and I regret that my brethren should be willing even to contemplate it.


HAVE GUN
WILL TRAVEL
WIRE PALADIN



WIRE PALADIN
SAN FRANCISCO

§ 1057. Certificates of registration

(b) Certificate as prima facie evidence. A certificate of registration of a mark upon the principal register provided by this Act shall be prima facie evidence of the validity of the registered mark and of the registration of the mark, of the registrant's ownership of the mark, and of the registrant's exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the certificate, subject to any convictions or limitations stated in the certificate.

§ 1065. Incontestability of right to use mark under certain conditions

Except on a ground for which application to cancel may be filed at any time under paragraphs (3) and (5) of section 14 of this Act [15 USCS § 1064(3), (5)], and except to the extent, if any, to which the use of a mark registered on the principal register infringers a valid right acquired under the law of any State or Territory by use of a mark or trade name continuing from a date prior to the date of registration under this Act of such registered mark, the right of the registrant to use such registered mark in commerce for the goods or services on or in connection with which such registered mark has been in continuous use for five consecutive years subsequent to the date of such registration and is still in use in commerce, shall be incontestable: Provided, That –

(1) there has been no final decision adverse to registrant's claim of ownership of such mark for such goods or services, or to registrant's right to

register the same or to keep the same on the register; and

(2) there is no proceeding involving said rights pending in the Patent and Trademark Office or in a count and no finally disposed of; and

(3) an affidavit is filed with the Commissioner within one year after the expiration of any such five-year period setting forth those goods or services stated in the registration on or in connection with which such mark has been in continuous use for such five consecutive years and is still in use in commerce, and the other matters specified in paragraphs (1) and (2) of this section; and

(4) no incontestable right shall be acquired in a mark which is the generic name for the goods or services or a portion thereof, for which it is registered.

Subject to the conditions above specified in this section, the incontestable right with reference to a mark registered under this shall apply to a mark registered under the Act of March 3, 1881, or the Act of February 20, 1905, upon the filing of the required affidavit with the Commissioner within one year after the expiration of any period of five consecutive years after the date of publication of a mark under the provisions of subsection (c) of section 12 of this Act [15 USCS § 1062(c)].

The commissioner shall notify any registrant who files the above-prescribed affidavit of the filing thereof.

(July 5, 1946, ch 540, Title I, § 15, 60 Stat. 433; Oct. 9, 1962, P. L. 87-772, § 10, 76 Stat. 771; Jan. 2, 1975, P. L. 93-596, § 1, 88 Stat. 1949; Aug. 27, 1982, P. L. 97-247, § 10, 96 Stat.

320; Nov. 16, 1988, P. L. 100-667, Title I, § 116, 102 Stat. 3941.)

§ 1072. Registration as constructive notice of claim of ownership

Registration of a mark on the principal register provided by this Act or under the Act of March 3, 1981, or the Act of February 20, 1905, shall be constructive notice of the registrant's claim of ownership thereof.

(July 5, 1946, ch 540, Title I, § 22, 60 Stat. 435.)

§ 1115. Registration on principal register as evidence of exclusive right to use mark; defenses

(a) Evidentiary value; defenses. Any registration issued under the Act of March 3, 1881, or the Act of February 20, 1905, or of a mark registered on the principal register provided by this Act and owned by a party to an action shall be admissible in evidence and shall be prima facie evidence of the validity of the registered mark and of the registration of the mark, of the registrant's ownership of the mark, and of the registrant's exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the registration subject to any conditions or limitations stated therein, but shall not preclude another person from proving any legal or equitable defense or defect, including those set forth in subsection (b), which might have been asserted if such mark had not been registered.

(b) Incontestability; defenses. To the extent that the right to use the registered mark has become incontestable under section 15 [15 USCS § 1065], the registration shall be conclusive evidence of the validity of the registered mark and of the registration of the mark, of the registrant's ownership of the mark, and of the registrant's exclusive right to use the registered mark in commerce. Such conclusive evidence shall relate to the exclusive right to use the mark on or in connection with the goods or services specified in the affidavit filed under the provisions of section 15 [15 USCS § 1065], or in the renewal application filed under the provisions of section 9 [15 USCS § 1059] if the goods or services specified in the renewal are fewer in number, subject to any conditions or limitations in the registration or in such affidavit or

renewal application. Such conclusive evidence of the right to use the registered mark shall be subject to proof of infringement as defined in section 32 [15 USCS § 1114], and shall be subject to the following defenses or defects:

(1) That the registration or the incontestable right to use the mark was obtained fraudulently; or

(2) That the mark has been abandoned by the registrant; or

(3) That the registered mark is being used, by or with the permission of the registrant or a person in privity with the registrant, so as to misrepresent the source of the goods or services on or in connection with which the mark is used; or

(4) That the use of the name, term, or device charged to be an infringement is a use, otherwise than as a mark, of the party's individual name in his own business, or of the individual name of anyone in privity with such party, or of a term or device which is descriptive of and used fairly and in good faith only to describe the goods or services of such party, or their geographic origin; or

(5) That the mark whose use by a party is charged as an infringement was adopted without knowledge of the registrant's prior use and has been continuously used by such party or those in privity with him from a date prior to (A) the date of constructive use of the mark established pursuant to section 7(c) [15 USCS § 1057(c)], (B) the registration of the mark under this Act if the application for registration is filed before the effective date of the Trademark Law

Revision Act of 1988, or (C) publication of the registered mark under subsection (c) of section 12 of this Act [15 USCS § 1062(c)]: Provided, however, That this defense or defect shall apply only for the area in which such continuous prior use is proved; or

(6) That the mark whose use is charged as an infringement was registered and used prior to the registration under this Act or publication under subsection (c) of section 12 of this Act [15 USCS § 1062(c)] of the registered mark of the registrant, and not abandoned: Provided, however, That this defense or defect shall apply only for the area in which the mark was used prior to such registration or such publication of the registrant's mark; or

(7) That the mark has been or is being used to violate the antitrust laws of the United States; or

(8) That equitable principles, including laches, estoppel, and acquiescence, are applicable.

(July 5, 1946, ch 540, title VI, § 33, 60 Stat. 438; Oct. 9, 1962, P. L. 87-772, § 18, 76 Stat. 774; Nov. 16, 1988, P. L. 100-667, Title I, § 128(a), 102 Stat. 3944.)

(2)

Supreme Court, U.S.
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No. 92-1760

IN THE

Supreme Court of the United States

OCTOBER TERM, 1992

DAVID DECOSTA, AS EXECUTOR OF THE ESTATE OF VICTOR DECOSTA,
Petitioner,

—v.—

VIACOM INTERNATIONAL,
Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FIRST CIRCUIT

BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

ROBERT M. CALLAGY
Counsel of Record
JAN R. UHRBACH
SATTERLEE STEPHENS BURKE & BURKE
230 Park Avenue
New York, New York 10169
(212) 818-9200

BEST AVAILABLE COPY

QUESTION PRESENTED FOR REVIEW

Does the doctrine of collateral estoppel bar a second action for service mark infringement and unfair competition, where (1) petitioner brought a prior action based upon the same conduct by petitioner and by respondent's predecessor-in-interest, (2) the prior action resulted in a final judgment against petitioner on the ground that concurrent use of the mark was not likely to cause confusion, and (3) neither the facts nor the law have changed since the prior judgment?

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No. 92-1760

IN THE

SUPREME COURT OF THE UNITED STATES

October Term, 1992

DAVID DeCOSTA, AS EXECUTOR OF
THE ESTATE OF VICTOR DeCOSTA,

Petitioner,

v.

VIACOM INTERNATIONAL, INC.

Respondent.

ON PETITION FOR WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE FIRST CIRCUIT

RESPONDENT'S BRIEF IN OPPOSITION TO THE PETITION FOR A WRIT OF CERTIORARI

PRELIMINARY STATEMENT

This is a straightforward case of collateral estoppel. Having lost a thirteen-year court battle against CBS

Inc. ("CBS"), petitioner then sought to hold CBS' privy, Viacom International Inc. ("Viacom"), liable for the very same conduct which the First Circuit held, eighteen years earlier, did not provide any "predicate of liability" to petitioner -- the broadcast of the television series "Have Gun -- Will Travel."[1]

Because neither the facts nor the law have changed since the prior litigation, the First Circuit properly held that,

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[1] The First Circuit's opinion in this case is reported as *DeCosta v. Viacom International Inc.*, 981 F.2d 602 (1st Cir. 1992) ("DeCosta III"). The First Circuit's prior opinions are reported as *CBS Inc. v. DeCosta*, 377 F.2d 315 (1st Cir.), *cert. denied*, 389 U.S. 1007 (1967) ("DeCosta I"), and *CBS Inc. v. DeCosta*, 520 F.2d 499 (1st Cir. 1975), *cert. denied*, 423 U.S. 1073 (1976) ("DeCosta II"). *DeCosta II* and *DeCosta III* are reproduced in the Appendix to the Petition, referred to hereinafter as "A__". The Appendix to Respondent's Brief in Opposition is referred to herein as "Opp. App. ____."

under the doctrine of collateral estoppel, the prior finding of no "likelihood of confusion" bars petitioner's "new" complaint:

> Mr. DeCosta's argument on this appeal consists of an attempt to escape the bonds of "collateral estoppel" through a claim that legal and factual changes since 1975 (when we decided *DeCosta II*) make the "confusion" issue, in essence, a new one. *See Restatement (Second) of Judgments* § 27, cmt. c; § 28(2)(b), (4) (collateral estoppel does not bar relitigation of an issue transformed by significant factual or legal changes). After considering Mr. DeCosta's arguments in detail, however, we find no legally significant change.

DeCosta III, A5.

Thus, petitioner misrepresents the holding below when he argues that the First Circuit "announce[d] a rule that no matter how significant changed circumstances may be, a prior finding of likelihood of confusion *forever* bars DeCosta from entering into Viacom's

channel of trade." Petition, p. 9. The opinion does not set forth any such rule of law. Instead, the First Circuit engaged in a detailed and thorough analysis of the specific claims of changed circumstances -- both factual and legal -- raised by petitioner in this case. *DeCosta III*, A5-23. Based on its analysis of the particular facts of this case, the Court correctly found that no significant change had occurred. *DeCosta III*, A3, A5, A10, A12, A23.

STATEMENT OF THE CASE

This action arises out of the licensing for syndication of a television western, "Have Gun -- Will Travel" (the "Series"), which has aired continuously since 1957. The Series was created, produced, and first broadcast by CBS. CBS premiered the Series on prime-time network

television in September 1957, continued to broadcast it as a first-run program until 1964, and licensed the show for syndication until 1970. In 1970, when the Federal Communications Commission ruled that networks could no longer syndicate programs they had created, CBS spun off Viacom as a separate entity, assigning to it its syndication rights. Since that time, Viacom has continuously offered the Series for syndication. Record on Appeal (hereinafter "Record"), at 860-61, 865, 873. There is no evidence in the record of any other activity on the part of Viacom with respect to the Series.

Petitioner's Prior Litigation

In 1963, petitioner Victor DeCosta sued CBS and its affiliates, alleging trademark infringement, unfair competition, and misappropriation.

Petitioner claimed then, as he does now, that he originated the phrase "Have Gun Will Travel" and a character called "Paladin," which is also the name of a character featured in the Series. Record at 26. The central issue in the prior litigation was whether the broadcast (including syndicated broadcasts) of the Series violated any of petitioner's rights, including common law service mark rights.

Petitioner's case first reached this Court in 1967. At that time, the First Circuit had reversed a jury verdict in petitioner's favor on his claim of misappropriation, and remanded for a trial on the remaining claims of trademark infringement and unfair competition. This Court denied the petition for certiorari.

DeCosta I, *supra*, 377 F.2d 315, *cert. denied*, 389 U.S. 1007 (1967).

The First Circuit addressed petitioner's claims a second time in 1975, reversing again the lower court's finding of liability on the trademark and unfair competition claims.[2] The First Circuit held that petitioner was not entitled to any relief because there was no likelihood of confusion between petitioner's activities -- making personal appearances as "Paladin" -- and CBS' broadcast of the Series. Once more, this Court refused to grant certiorari. *DeCosta II*, *supra*, 520 F.2d 499 (1st Cir. 1975), *cert. denied*, 423 U.S. 1073 (1976) (A86).

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[2] By this time, Viacom had been syndicating the Series for five years.

Petitioner's Use of His Service Mark

In 1977, subsequent to the CBS litigation, petitioner obtained registration of a service mark. The registration is for the slogan "Have Gun Will Travel -- Wire Paladin," together with the image of a chess-set knight, for use in connection with

> SERVICES -- NAMELY, PROVIDING ENTERTAINMENT BY MAKING APPEARANCES AS A WESTERN CHARACTER AT RODEOS, PARADES, HOSPITAL FUNCTIONS, AND OTHER CIVIC, RELIGIOUS AND PRIVATE FUNCTIONS.

Opp. App., 3. Thus, petitioner was granted registration for the precise use -- and *only* for that use -- that was the subject of the prior litigation. Since obtaining registration, petitioner has continued to use his mark in the same manner that he had been using it during his prior litigation. A20.

The "New" Action

Petitioner brought this "new" action on October 31, 1989, alleging trademark infringement in violation of the Lanham Act (15 U.S.C. § 1114) (Opp. App., 4), common law trademark infringement, unfair competition in violation of the Lanham Act (15 U.S.C. § 1125(a)) (Opp. App., 5), common law unfair competition, and infliction of emotional distress.[3] A65. A side-by-side comparison of petitioner's

---

[3] Count II of the complaint, alleging common law trademark infringement, also referred to "misappropriation." However, at the close of the evidence, the district court refused to charge the jury on misappropriation. The district court dismissed petitioner's claim for emotional distress at the close of petitioner's case.

1966 complaint with the "new" complaint reveals that petitioner simply rehashed his earlier complaint, with minor editing:

1966 COMPLAINT	1989 COMPLAINT
6. In or about the year 1947, the Plaintiff, Victor DeCosta, conceived the idea of a legendary western hero named Paladin, who, wearing a moustache, would dress in a black outfit and white tie, wear a black hat with a medallion in the center, and use as his card the legend, "Have Gun Will Travel, Wire Paladin." His symbol, engraved on said card, was a chess knight piece.... Such idea had never been so presented in the United States and was conceived as an original idea to be utilized by the Plaintiff	3. In or about the year 1947, the Plaintiff, then a rodeo rider, conceived the idea of a legendary western hero named "Paladin", who, wearing a moustache, would dress in a black outfit and white tie, wear a black hat with a medallion in the center, and use as his calling card the legend, "Have Gun Will Travel, Wire Paladin." The "Paladin" character and its accouterments, symbol and slogan had never been so presented in the United States and was conceived as an original idea to be utilized by the Plaintiff

himself in furnishing public entertainment on a large scale in the United States and foreign countries.

7. The Plaintiff, at various times from 1947 through and including 1957 and to date, has appeared at numerous rodeos and public and private shows

throughout the eastern part of America, dressed as Paladin and using as his symbol the business card as aforestated.

himself in furnishing public entertainment throughout the United States.

4. From 1947 to date, Plaintiff has continuously appeared at numerous rodeos, public and private horseshows, parades and charitable functions throughtout [sic] the eastern United States, dressed as the character "Paladin" and using as his symbol the aforementioned business card.

A65-66; Record at 26 (emphasis added). The complaints continue in tandem, recounting CBS's broadcast and syndication of the television series, with the only salient distinction being the substitution in the "new" complaint of the name Viacom for CBS.

In lieu of answer, Viacom moved to dismiss the complaint as barred by the doctrines of res judicata, collateral estoppel, and laches. Record at 22. The district court denied the motion, refusing to give preclusive effect to the prior judicial determination against petitioner. *DeCosta v. Viacom International Inc.*, 758 F. Supp. 807 (D.R.I. 1991) (A24). The case was tried to a jury from September 10 to September 19, 1991. On September 23, the jury returned its verdict, finding for petitioner.

The First Circuit's Opinion

By Opinion dated December 17, 1992, the First Circuit unanimously reversed the judgment of the district court and directed entry of judgment for Viacom, on the ground that petitioner's claims are barred by the doctrine of collateral

estoppel. In doing so, the First Circuit squarely addressed each claim of changed circumstances -- both legal and factual -- raised by petitioner.

First, the Court rejected petitioner's argument that registration of his mark changed the burden of proof, making it easier for petitioner to prove likelihood of confusion. While the First Circuit acknowledged that registration does affect the burden of proof on the questions of ownership and validity, neither of those was at issue in *DeCosta II* or in this action. The Court then correctly held that registration did not change the burden of proof on likelihood of confusion -- the dispositive issue that was decided against petitioner in *DeCosta II*:

> DeCosta is right that a change in relevant "burden of proof" rules

> can transform a legal issue, permitting relitigation of an issue that "collateral estoppel" otherwise would bar. But, we can find no such relevant transformation here. Registration consists of persuading the Trademark Board to issue an appropriate "certificate." The relevant statute says that the certificate becomes "prima facie evidence" of the marks' "registration," of its "validity," of "the registrant's ownership," and of the registrant's exclusive right to use the mark in connection with the goods or services specified in the certificate." . . . But, the statute nowhere says that registration makes it easier for a registrant (with a conceded right to use a concededly valid mark that he concededly owns) to prove that a relevant buying public may confuse some other person's mark with his own.

DeCosta III, A7 (citations omitted).

Second, the First Circuit was unpersuaded by petitioner's argument that the law has significantly changed since his prior litigation. *DeCosta III*, A10-18.

Finally, the First Circuit addressed petitioner's claim of changed factual

circumstances -- *i.e.*, alleged expanded use -- and found that there was no evidence that petitioner had significantly changed the use of his mark since his prior lawsuit:

> After reviewing the record, we conclude that DeCosta has not presented evidence of significantly different circumstances for two reasons. First, much of his evidence amounts to no more than added efforts to prove the same "ultimate facts" he failed to prove the first time. . . . We simply do not see why this kind of evidence could not have been provided the first time. Nothing in the record convincingly explains why those who saw DeCosta when the Paladin television program was current would have been any less "confused" than those who now see him when "Paladin" is the subject of old television reruns.
>
> Second, DeCosta provided evidence of his having expanded his own activities since 1977. . . .
>
> This evidence basically shows no more than the same kind of activity in which DeCosta previously engaged. And, we do not see how it can bring him outside the "collateral estoppel" bar.
>
> * * *

> The problem for DeCosta is that his evidence does not show a significant change.

DeCosta III, A19-20, A23 (citation omitted).

By Order entered February 3, 1993, the First Circuit denied petitioner's petition for rehearing. Opp. App., 1-2.

SUMMARY OF ARGUMENT

Petitioner's previous litigation resulted in a final adjudication of no "likelihood of confusion" between petitioner's use of his service mark for appearances as a western character, and the broadcast (including syndicated broadcast) of the Series. The First Circuit expressly found that neither the facts nor the law have changed since the prior litigation. Accordingly, the First Circuit was correct in holding that, under the doctrine of collateral estoppel, the

prior finding of no "likelihood of confusion" bars petitioner's "new" complaint. *DeCosta III*, A3, A5, A10, A12, A23.

ARGUMENT

THE FIRST CIRCUIT CORRECTLY HELD THAT COLLATERAL ESTOPPEL BARS PETITIONER'S SECOND ACTION FOR SERVICE MARK INFRINGEMENT AND UNFAIR COMPETITION, BECAUSE (1) PETITIONER'S PRIOR ACTION WAS BASED UPON THE SAME CONDUCT BY PETITIONER AND BY RESPONDENT'S PREDECESSOR-IN-INTEREST, (2) THE PRIOR ACTION RESULTED IN A FINAL JUDGMENT AGAINST PETITIONER ON THE GROUND THAT CONCURRENT USE OF THE MARK WAS NOT LIKELY TO CAUSE CONFUSION, AND (3) NEITHER THE FACTS NOR THE LAW HAVE CHANGED SINCE THE PRIOR JUDGMENT

POINT I

THE FIRST CIRCUIT CORRECTLY HELD THAT PETITIONER'S CLAIMS ARE BARRED BY COLLATERAL ESTOPPEL BECAUSE NEITHER PARTY'S USE OF THE MARKS HAS CHANGED

A. THE FIRST CIRCUIT EXPRESSLY AND CORRECTLY HELD THAT THERE ARE NO CHANGED CIRCUMSTANCES IN THIS CASE

Petitioner's entire petition rests on a misrepresentation of the First Circuit's opinion in this case. Petitioner would

have this Court believe that the First Circuit did not follow the precedent it set in *Sarah Coventry, Inc. v. T. Sardelli & Sons, Inc.*, 526 F.2d 20, 23 (1st Cir. 1975), *cert. denied*, 426 U.S. 920 (1976). In that case, the First Circuit held that a prior finding of no likelihood of confusion will not bar a subsequent action if circumstances of the party's use have changed. Petition, p. 8. In fact, the First Circuit acknowledged this precedent, specifically and clearly holding that, in this case, the parties' circumstances have not changed:

> DeCosta reminds us that, since findings of likelihood of confusion can turn on the relation of the parties' uses, a prior finding of no likelihood of confusion will not always bar a subsequent action if circumstances of the parties' uses change. *Sarah Coventry, Inc. v. T. Sardelli & Sons, Inc.*, 526 F.2d 20, 23 (1st Cir. 1975), *cert. denied*, 426 U.S. 920 (1976). **The problem for**

> **DeCosta is that his evidence does not show a significant change.**

DeCosta III, A23 (emphasis added).

This holding is completely consistent with the jurisprudence of this Court and each of the Circuit Courts that have addressed the issue. *See EZ Loader Boat Trailers, Inc. v. Cox Trailers, Inc.*, 746 F.2d 375, 377-78 (7th Cir. 1984) (plaintiff collaterally estopped by finding of no likelihood of confusion, despite plaintiff's subsequent registration of mark); *Berlitz Schools of Languages, Etc. v. Everest House*, 619 F.2d 211, 215 (2d Cir. 1980) (affirming application of collateral estoppel where the defendant's use of the mark in the second action was not "substantially different" from its use of the mark in the first action); *Miller Brewing Co. v. Falstaff Brewing Corp.*, 655 F.2d 5, 9 (1st

Cir. 1981) (prior finding that term "LITE" is generic collaterally estops plaintiff in subsequent infringement action where there was no evidence that the term had lost its generic meaning); *Flavor Corporation of America v. Kemin Industries, Inc.*, 493 F.2d 275, 281 (8th Cir. 1974) (prior finding of likelihood of confusion in cancellation proceeding precludes relitigation of issue in subsequent infringement action under doctrine of collateral estoppel); 3 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition*, 3d Edition, § 32:28[1], at 32-109 to 32-110 ("[i]t seems clear that a party in the second suit is collaterally estopped from relitigating such issues as . . . the presence or

absence of a likelihood of confusion between two trademark usages").[4]

In contrast, petitioner has not cited a single case that conflicts with the actual holding below.

Petitioner also argues that the First Circuit overlooked evidence of alleged expanded use. Not only do issues of sufficiency of the evidence not warrant certiorari by this Court, but petitioner's statements are contradicted by the record.

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[4] *See also Valcom Corp. v. Valmont Industries, Inc.*, 820 F.2d 1220 (4th Cir. 1987), *recons. denied*, 864 F.2d 150 (Fed. Cir. 1988) (plaintiff precluded by collateral estoppel from relitigating issue of likelihood of confusion); *Love v. The Family Circle, Inc.*, 793 F.2d 1292 (6th Cir. 1986) (prior finding of no likelihood of confusion in an action by plaintiff against defendant's parent company precluded plaintiff from showing likelihood of confusion in action against subsidiary). Both of these opinions are unpublished.

The First Circuit meticulously detailed the evidence of expanded use as follows:

> DeCosta provided evidence of his having expanded his own activities since 1977. He says, for example, that since that time, he has distributed 60,000 more calling cards (having distributed about 300,000 before 1977); 15,000 more photographs (having distributed about 20,000 before 1977); 15,000 bumper stickers, and 2800 pens bearing the Paladin legend. He has made more appearances at rodeos and ice cream stores, and he appeared on two television talk shows and in one television commercial. A picture of him in costume appeared once in a horsebreeder's magazine. And, he has objected several times to others using slogans such as "Have Cup, Will Travel" (by Dunkin Donuts) and "Have Guns, Will Travel" (by the U.S. Air Force).
>
> This evidence basically shows no more than the same kind of activity in which DeCosta previously engaged. And, we do not see how it can bring him outside the "collateral estoppel" bar.

DeCosta III, A20.[5] In the face of this

---

[5] Petitioner's assertion that he has now made appearances as Paladin in "three-quarters of the United States" (Petition, (continued...)

particularized recitation, plaintiff's contention rings hollow.

B. AS AN INDEPENDENT ALTERNATIVE GROUND, THE FIRST CIRCUIT CORRECTLY HELD THAT, EVEN IF PETITIONER HAD EXPANDED INTO TELEVISION, WHICH HE HAS NOT, HIS CLAIMS WOULD STILL BE BARRED BY THE PRIOR FINDING OF NO LIKELIHOOD OF CONFUSION

Having determined that collateral estoppel bars petitioner's claims because there is no evidence that petitioner has expanded the use of his mark, the First Circuit also articulated an alternative,

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[5](...continued)
p. 9) is not only unsupported by concrete evidence, but irrelevant. As the First Circuit noted, these appearances are the same kind of activity in which petitioner previously engaged, and therefore do not constitute an expanded use. Moreover, contrary to petitioner's claims, the First Circuit's decision in *DeCosta II* did not hinge on its finding that petitioner's use of his mark was localized, and CBS's was nationwide. *See* Petition, p. 4. While the Circuit Court did take that fact into account, the Court weighed all the factors relevant to the likelihood of confusion analysis and found that no confusion was likely. *Decosta II*, A99-103.

independent ground for directing judgment for Viacom. The Court held that even if petitioner had produced evidence of expansion into television -- which he had not -- Viacom would still prevail:

> [The] evidence basically shows no more than the same kind of activity in which DeCosta previously engaged. And, we do not see how it can bring him outside the "collateral estoppel" bar. Even were he to have provided evidence of his own, far greater, expansion into, say, the television business, that evidence would do him no good.

DeCosta III, A20.[6]

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[6] The First Circuit did *not* hold that "DeCosta has made commercial use of his mark in the television medium." Petition, p. 9. The evidence revealed that the sum total of petitioner's limited activities in television are as follows: petitioner appeared in one commercial for a local Nissan dealership for which he was paid $200 (Record at 321, 454), and he was interviewed on two *local* talk shows, "Russ Gorman on Astrology," and "The Jerry Rivet Show," broadcast on local television stations in Attleboro and New Bedford, Massachusetts, respectively. Record at 244-46, 455-57. Petitioner did not

(continued...)

The Court reasoned that because CBS, and its successor in interest, Viacom, had priority in the field of television, and because there has already been a finding that there is no likelihood of confusion between petitioner's use and CBS/Viacom's use, petitioner's rights do not permit him to exclude CBS/Viacom from television:

> The litigated holding of "no confusion" in the initial DeCosta cases amounts to a holding that DeCosta had no legal right to exclude

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[6](...continued)
provide entertainment services as a western character on these talk shows, but appeared only as Victor DeCosta to discuss his life experiences, and particularly his litigation with CBS. Record at 455-56. Essentially, petitioner brought a lawsuit for service mark infringement, lost the lawsuit, went on two television talk shows to talk about his case, and then sued again claiming expanded use based on those television "appearances." Thus, the First Circuit noted that petitioner "appeared on two television talk shows and in one television commercial," but did not find that petitioner had expanded the use of his mark into television. *DeCosta III*, A20.

> others from using his mark in the field of television. Moreover, DeCosta has conceded that CBS/Viacom has used the "Paladin" mark in that field before, and after, he brought his initial cases.

DeCosta III, A20.

This independent ground -- while not necessary to the Court's holding directing judgment for Viacom -- is fully in accord with existing law.

As petitioner acknowledges, where a senior user and a junior user deal in non-competing goods and services, the senior user *may* have priority over the junior user in the junior user's field *if* the senior user's expansion is "natural," i.e., the goods or services are "related." Petition, p. 15. Petitioner also acknowledges that this test for determining priority in the junior user's field (in this case, television), focusses on whether the uses are likely to cause

confusion; in other words, if the use in the junior user's field is likely to cause confusion with the senior user's use, the junior user's field is "related" to, or is a "natural expansion" of, the senior user's field. Petition, pp. 15-16. *See* 2 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition*, § 24:06[2][A] at 24-43 (test for determining priority is the same as the ultimate "likelihood of confusion" test). Petitioner then argues that because each Circuit has a slightly different "likelihood of confusion" test, the issue of whether petitioner has priority in television merits review by this Court. Petition, pp. 15-17.

This argument misses the point. Petitioner fails to advise the Court that priority is determined by evaluating whether there was a likelihood of

confusion *at the time of the junior user's entrance*:

> When a senior user of a mark on product line A expands later into product line B and finds an intervening user, priority in product line B is determined by whether the expansion is "natural" in that customers would have been confused as to source or affiliation *at the time of the intervening user's appearance*.

1 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition*, § 16.02[1][b] at 16-7 (emphasis added). *See also Mason Engineering and Design Corp. v. Mateson Chemical Corp.*, 225 U.S.P.Q. 956, 962 (TTAB 1985) ("the determination of whether an expansion is or would be natural must be made on the basis of the circumstances prevailing at the time when the subsequent user first began to do business under its mark, i.e. what was "natural" in the relevant trade at that time"); *Viking Boat Co. Inc. v. Viking*

Camper Supply, Inc., 191 U.S.P.Q. 297, 303 (TTAB 1976) (the question of natural expansion must be viewed not in the light of present trade practices but in the light of trade practices at the time when the junior user began doing business under mark).

In this case, *DeCosta II* is a prior adjudication that at the time of the "intervening user's" appearance (and, indeed, throughout the twenty years that followed), there was no likelihood of confusion. Thus, for the particular uses challenged here, the issue of priority was determined by the prior infringement action.

Indeed, Professor McCarthy explains that the "natural expansion" test for priority is identical to the test for

infringement at the time the junior user (here, CBS/Viacom) began using the mark:

> The "natural expansion" thesis seems to be nothing more than an unnecessarily complicated application of the likelihood of confusion of source or sponsorship test to a particular factual situation. If the "intervening" use was likely to cause confusion, it was an infringement, and the senior user has the right to enjoin such use, whether it had in fact already expanded itself or not.

2 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition*, § 24.05[4] at 24-37 (footnotes omitted). Here, where it was adjudicated that the "intervening" use was *not* likely to cause confusion, that the use was *not* an infringement, and that the "senior user" did *not* have the right to enjoin such use,

the "expansion" was not "natural" and the "junior user" (CBS/Viacom) has priority.[7]

Accordingly, the First Circuit correctly concluded that its decision in *DeCosta II* was tantamount to a determination that CBS/Viacom's services are not related to petitioner's (put another way, that television is not a "natural expansion" of plaintiff's mark), and that therefore CBS/Viacom, not petitioner, has priority in the field of television. *DeCosta III*, A 20-22.[8]

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[7] Moreover,

> [A] senior user cannot by expansion prevail where the result would be a likelihood of confusion in derogation of established rights of the intervening user.

2 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition*, § 24.05[4] at 24-37 (footnotes omitted).

[8] Thus, even assuming that the particular "likelihood of confusion" factors that each Circuit considers may vary slightly, that issue could not

(continued...)

Petitioner's discussion of the "TEA ROSE-Rectanus" defense is irrelevant. Petition, pp. 11-13. Viacom has never argued that it was unaware of petitioner's mark, and the First Circuit did not base its holding upon any such defense. Indeed, the "TEA ROSE-Rectanus" rule has nothing whatsover to do with this case.[9]

Similarly, as petitioner himself admits, petitioner's discussion of *Raxton Corp. v. Anania Associates, Inc.*, 635 F.2d 924 (1st Cir. 1980), is irrelevant. That case dealt with territorial expansion, and

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[8](...continued)
properly be before the Court on this Petition. The sole issue in this case is the preclusive effect of the prior adjudication.

[9] The First Circuit did cite *United Drug Co. v. Rectanus Co.*, 248 U.S. 90 (1918), as part of a string of citations relating to priority. *DeCosta III*, A22. However, the Court did not discuss the case, and did not depend on it in its reasoning or holding.

as petitioner admits, this is not a case about geographical boundaries. Petition, p. 15.

C. THE FIRST CIRCUIT DID NOT NEED TO REACH AND DID NOT REACH THE ISSUE OF WHETHER PETITIONER ESTABLISHED "LIKELIHOOD OF CONFUSION"; ACCORDINGLY, THAT ISSUE IS NOT REVIEWABLE BY THIS COURT

It is Viacom's position that as a matter of law, petitioner submitted insufficient evidence to establish likelihood of confusion in this action. The issue was discussed at length by both parties in their briefs to the First Circuit. However, because the First Circuit held that petitioner's action was precluded by collateral estoppel, it did not have to reach, and did not reach, the issue of whether the evidence submitted could support a finding of likelihood of confusion. Accordingly, that issue is not reviewable by this Court.

POINT II

THE FIRST CIRCUIT CORRECTLY HELD THAT THE MERE FACT OF TRADEMARK REGISTRATION, STANDING ALONE, DOES NOT VITIATE THE PRECLUSIVE EFFECT OF THE FIRST CIRCUIT'S PRIOR FINDING OF NO LIKELIHOOD OF CONFUSION

The First Circuit properly held that the mere fact that petitioner has registered his trademark since *DeCosta I* and *DeCosta II* does not permit relitigation of the "likelihood of confusion" issue, because registration relates to ownership and validity, not to likelihood of confusion:

> DeCosta is right that a change in relevant "burden of proof" rules can transform a legal issue, permitting relitigation of an issue that "collateral estoppel" otherwise would bar. But, we can find no such relevant transformation here. . . . The relevant statute says that the certificate [of registration] becomes "prima facie evidence" of the marks' "registration," of its "validity," of "the registrant's ownership," and of the registrant's exclusive right to use the mark in connection with the goods or services specified in the

> certificate." . . . But, the statute nowhere says that registration makes it easier for a registrant (with a conceded right to use a concededly valid mark that he concededly owns) to prove that a relevant buying public may confuse some other person's mark with his own.

DeCosta III, A7 (citations omitted).

This holding is consistent with both the Lanham Act and the decisions of other courts. *See* 15 U.S.C. §§ 1057(b), 1065, 1115; *EZ Loader Boat Trailers, Inc. v. Cox Trailers, Inc.*, *supra*, 746 F.2d at 377-79 ("[w]e do not find that the procedural advantages conferred by registration are substantial, at least in the context of determining the issue of likelihood of confusion. Therefore, we see no inequity in applying collateral effect to the decision of the Court of Appeals for the Federal Circuit"); *PPG Industries, Inc. v. Clinical Data, Inc.*, 620 F. Supp. 604, 607 (D. Mass. 1985) (giving collateral

estoppel effect to holding of no likelihood of confusion despite intervening registration).[10]

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[10] Moreover, the Lanham Act specifically provides that the procedural and evidentiary benefits of registration and incontestability relate to the use of the mark "on or in connection with the goods or services specified in the registration." 15 U.S.C. § 1115(a) (A110); 15 U.S.C. § 1115(b) (emphasis added) (A110). *See, e.g.*, 2 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition*, § 24.12[2][a] at 24-104 ("the prima facie and incontestable provisions of the Lanham Act apply only to the goods or services specified in the registration"), and cases cited therein.

The benefits of registration and incontestability do *not* apply where, as here, the infringement claim is based on a theory of allegedly "related" services, and services identical to or competing with the services listed in the certificate. *See Natural Footwear Ltd. v. Hart, Shaffner & Marx*, 760 F.2d 1383 (3d Cir.), *cert. denied*, 474 U.S. 920 (1985); *Avon Shoe Co. v. David Crystal, Inc.*, 279 F.2d 607 (2d Cir.), *cert. denied*, 364 U.S. 909 (1960); *Westwood One, Inc. v. National Broadcasting Co.*, 215 U.S.P.Q. 380 (C.D. Cal. 1982); 3 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition*, §32.43[3][b] at 32-165; 3 J. Thomas McCarthy, *McCarthy on Trademarks and*

(continued...)

There are no cases that conflict with this holding. The two cases relied upon by petitioner, *American Heritage Life Insurance Co. v. Heritage Life Insurance Co.*, 494 F.2d 3 (5th Cir. 1974) and *Dieter v. B & H Ind.*, 880 F.2d 322 (11th Cir. 1989), *cert. denied*, 498 U.S. 950 (1990), were specifically explained and distinguished by the First Circuit.

The *Dieter* court held that incontestability is relevant to likelihood of confusion because incontestability establishes that a mark is strong enough to be protectable, and strength is a factor to be taken into account in the likelihood of confusion analysis. Acknowledging without approving this

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[10](...continued)
Unfair Competition, § 32.44[5][e] at 32-183.

analysis,[11] the First Circuit held that in this case a presumption of strength did not affect the prior decision because petitioner's mark was already assumed to be strong in *DeCosta II*:

> That "strength" relates to confusion and registration "relates" (in this way) to strength, however, does not help DeCosta. The "strength" of DeCosta's mark was not an issue before us in the earlier cases. This court assumed in its opinions that DeCosta's mark had a secondary meaning. It specifically said that his mark is "distinctive enough so that proof of secondary meaning is not essential," . . . *DeCosta II*, 520 F.2d at 513. It went on to find no relevant "confusion," even assuming a mark as strong as registration might have forced it to

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[11] *Dieter* has been criticized by Professor McCarthy as contrary to the holdings of virtually all other authorities on the issue. 3 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition*, § 32.44[7][b] at 32-189. *See also Lindy Pen Co. v. Bic Pen Corp.*, 725 F.2d 1240, 1247 (9th Cir. 1984) ("incontestability of a mark may protect the registrant's mark from cancellation, but is of no offensive use"), *cert. denied*, 469 U.S. 1188 (1985).

> assume. Thus, the fact of later registration, insofar as it helps establish that the mark has a "secondary meaning," adds nothing significantly new.

DeCosta III, A9.

With respect to *American Heritage*, the First Circuit held:

> We concede that, in one of the cases that DeCosta cites, the court said that "registration is sufficient to establish prima facie (1) the required prior use (2) of a registrable mark (3) which is *likely to be confused* with another's use of the same or a similar mark." *American Heritage*, 494 F.2d at 10 (emphasis added). The underlined phrase, however, likely refers simply to the mark's "strength," in which case the phrase is consistent with holdings in other courts.

DeCosta III, A9-10.[12]

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[12] Indeed, the reach and impact of petitioner's argument (which essentially creates a presumption of liability) is staggering. Under petitioner's interpretation of *American Heritage*, whenever an owner of a registered mark brings an action for infringement or unfair competition, the burden is on the defendant to establish that his use is not

(continued...)

Finally, while the Petition contains a list of the benefits of registration (Petition, pp. 28-29), the one benefit that petitioner seeks to create is conspicuously absent: a presumption of likelihood of confusion. Although the "presumptions" listed by petitioner do affect the burden of proof in an infringement action (Petition, p. 29), as the First Circuit properly held, these "presumptions" have no impact on the issue that was decided against petitioner in *DeCosta II*: likelihood of confusion.

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[12](...continued)
likely to cause confusion, no matter how disparate the uses and contexts. If Congress had intended to shift the burden of persuasion in such a dramatic manner, Congress would have said so in the Lanham Act. Moreover, in light of the fact that the Patent and Trademark Office ("PTO") has registered thousands of marks, it is rather extraordinary that no court (nor the PTO itself) has ever applied such a presumption, and only one court has ever even arguably referred to it.

POINT III

MISSTATEMENTS IN THE PETITION

Pursuant to Supreme Court Rule 15.1, it is respondent's obligation to point out any misstatements of law or fact set forth in the petition. In addition to those misstatements set forth above, the Petition contains the following errors:

* Petitioner's use of the present tense in describing "DeCosta's Paladin" (Petition, p. 2), and the photographs annexed to the Petition as A106, are misleading. Petitioner's service mark registration specifies that the mark is for services

> NAMELY, PROVIDING ENTERTAINMENT BY MAKING APPEARANCES AS A WESTERN CHARACTER AT RODEOS, PARADES, HOSPITAL FUNCTIONS, AND OTHER CIVIC, RELIGIOUS AND PRIVATE FUNCTIONS.

Opp. App., 3. Both petitioner's registration -- and his actual use of the

mark -- have been limited to appearances that he has personally made. However, the photograph submitted by petitioner was taken in 1947, twenty-three years before Viacom came into existence. Record at 260, 1059. It has been decades since petitioner's appearance mirrored that in the photograph, and at least sixteen years since he performed on horseback. Record at 408, 416. Accordingly, the photograph submitted by petitioner is not an accurate portrayal of the use of the mark and is irrelevant.

* While the First Circuit's decision in *DeCosta I* was initially criticized as misinterpreting this Court's decisions in *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964) and *Compco Corp. v. Daybright Lighting, Inc.*, 376 U.S. 234 (1964), this Court's subsequent decision

in *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141 (1989), establishes that *DeCosta I* was correctly decided. *See* Petition, p. 3.

* Petitioner's characterization of the evidence of alleged expanded use is not only misleading, it is directly contradicted by the findings of the First Circuit, which described the evidence of expanded use in detail. *Compare* Petition, p. 6, with *DeCosta III*, A20.

* Petitioner's claim that he "received offers for motion picture use of his mark and character" (Petition, p. 6) is utterly without support in the trial record, and is a misrepresentation of the information obtained by petitioner during discovery. The only reference in the record to film is counsel's attempt to elicit hearsay testimony from petitioner

regarding conversations with a producer named Thom Mount. Counsel for Viacom objected on hearsay grounds to each question relating to the substance of the conversations; each objection was sustained.

In fact, petitioner was constrained to attempt to make his point through inadmissible hearsay evidence because had Mr. Mount testified, he would have testified to a different story. When petitioner's counsel deposed Mr. Mount prior to trial, Mr. Mount testified:

> [I was] *looking around for a television show* that had a pre-sold name value that can be turned into an interesting feature, and I remember this old show Have Gun Will Travel.

* Petitioner's reference to "Viacom's active efforts to prevent the unrestricted registration of DeCosta's mark" is misleading. Petition, pp. 6, 12.

CBS, not Viacom, opposed petitioner's registration. The sole evidence in the record of Viacom's participation is a single, two-page affidavit submitted by a Viacom representative setting forth Viacom's syndication activities. Record at 1067-68.

* Petitioner states that the District Court and jury specifically found bad faith use by Viacom. Petition, p. 12. However, petitioner fails to advise the Court that this finding was explicitly rejected by the First Circuit:

> the record provides no evidence at all that, since 1977, CBS or Viacom has used the mark in "bad faith" . . . Indeed, CBS/Viacom might reasonably have relied upon our prior final judgment . . . .

DeCosta III, A20-21. As he did at trial, petitioner continues erroneously to equate Viacom's knowledge of petitioner's mark with bad faith. However, as the First

Circuit recognized, "bad faith" refers to the intent to cause confusion or trade on another's reputation or good will. A21.

* The First Circuit did not "acknowledge . . . overwhelming proof of likelihood of confusion in the record." Petition, p. 6. No such statement appears anywhere in the opinion. Indeed, as set forth extensively in Viacom's appellate briefs, in 1975 the First Circuit reviewed the lower court's finding of likelihood of confusion, and held that, after eleven years of concurrent use by the parties, the evidence could not support a finding of likelihood of confusion. *DeCosta II*, A102-103. Now, after thirty-four years, petitioner has produced even less evidence of confusion and no evidence of confusion caused by Viacom.

CONCLUSION

Petitioner had a full and fair opportunity to litigate the issue of whether the broadcast of the television series, "Have Gun Will Travel," was likely to cause confusion with petitioner's use of his mark in connection with his appearances as a western character. That thirteen-year litigation against CBS resulted in a final judgment against petitioner on the ground that concurrent use of the mark was not likely to cause confusion. Now, seventeen years after this Court refused to grant certiorari, and thirty-six years after the Series was first broadcast, petitioner brings the same claims against CBS' successor in interest, Viacom, despite the fact that neither party's use of the mark has expanded. As the First Circuit properly

held, petitioner's claims have already been adjudicated, and are therefore barred by collateral estoppel.

Dated: New York, New York
May 26, 1993

Respectfully submitted,

Robert M. Callagy
Counsel of Record
Jan R. Uhrbach
SATTERLEE STEPHENS BURKE & BURKE
230 Park Avenue
New York, New York 10169
(212) 818-9200

APPENDIX

APPENDIX

Viacom International Inc.'s Statement Pursuant to Supreme Court Rule 29.1 1

DeCosta v. Viacom International Inc., No. 91-2211, 1st Circuit (February 3, 1993) 4

Plaintiff's Trademark Registration . 6

15 U.S.C. § 1114(1)(a) 7

15 U.S.C. § 1125(a)(1)(A) 8

APPENDIX
PAGE 1

STATEMENT PURSUANT TO
SUPREME COURT RULE 29.1

Film Intex Corporation
Tele-Vu Ltee.
VE Productions Inc.
Viacom Canada Limited
Viacom Enterprises Canada Limited
Viacom First Run Limited
Viacom First Run Development Company Inc.
VJK Inc.
Viacom International Limited
Viacom International Pty. Limited
Viacom Japan Inc.
Viacom Pacific Limited
Viacom Productions Inc.
Jake and the Fatman Productions Inc.
Low Key Productions Inc.
The Matlock Company
My Shadow Productions Inc.
PMV Productions Inc.
They Productions Inc.
VP Programs Inc.
Viacom S. A.
Viacom Video-Audio Comunicacoes Limitada
VSC Productions Inc.
Cable TV of Marin, Inc.
Clear View Cable Systems, Inc.
Com-Cable TV, Inc.
H-C-G Cablevision Inc.
Viacom Cablevision Inc.
Glendale Property Corp.
Marin Cable Television, Inc.
Television Signal Corporation
Tele-Vue Systems, Inc.
Broadview Television Company
Cable TV Puget Sound, Inc.
Channel 3 Everett, Inc.
Community Telecable of Bellevue, Inc.

Community Telecable of Seattle, Inc.
Contra Costa Cable Company
Crockett Cable Systems, Inc.
Everett Cablevision, Inc.
Far-West Communications, Inc.
United Community Antenna System, Inc.
Vista Television Cable, Inc.
Viacom Bay Area Sports Inc.
Viacom PNW Sports Inc.
Viacom Bay Interconnect Inc.
Viacom Cablevision of Dayton Inc.
Viacom Cablevision of No. California Inc.
Viacom DBS Inc.
Viacom K-Band Inc.
Viacom PCN Inc.
Viacom Shopping Inc.
VSC Cable Inc.
Glendale Property Corp.
Broadcast Leasing Inc.
KBSG Inc.
KHOW Inc.
KIKK Inc.
KIKK-FM Tower Corporation Inc.
KYSR Inc.
Riverside Broadcasting Co., Inc.
Viacom Broadcasting of Missouri Inc.
Viacom Broadcasting West Inc.
VSC Communications Inc.
WMZQ Inc.
WNYT Inc.
WVIT Inc.
Showtime Networks Inc.
All Media Inc.
Interstitial Programs Inc.
Part-Time Productions Inc.
Satellite Holdings Inc.
Showtime Networks Inc. (U.K.)
Showtime Networks Satellite Prog. Company
Showtime Satellite Networks Inc.

SNI Development Corp.
Toe-To-Toe Productions, Inc.
Viacom Pictures Inc.
Viacom Pictures Development Company
Viacom Pictures Movie Music Inc.
Viacom Pictures Overseas Inc.
Viacom Pictures Songs Inc.
Viacom Satellite News Inc.
Games Productions Inc.
Bardwire Inc.
Games Animations Inc.
QWERTY Inc.
Uptown Productions Inc.
MTV Australia Inc.
MTV Latin America Inc.
MTV Networks Company
MTV Networks Europe Inc.
MTV Songs Inc.
Music By Video Inc.
Nickelodeon Magazines Inc.
Remote Productions Inc.
Viacom Camden Lock Inc.
Viacom HA! Holding Company
Viacom Networks Europe Inc.
Nickelodeon Holdings U.K. Inc.
Nickelodeon Huggings U.K. Limited
Viacom VH-1 Holding Company
LT Holdings Inc.
ICOM Simulations, Inc.
Viacom International Inc. Political Action Committee Corp.
Viacom MGS Services Inc.
Viacom Networks Inc.
Viacom Telecommunications (D.C.) Inc.
Viacom World Wide Limited
VSC Compositions Inc.
VSC Music Inc.

UNITED STATES COURT OF APPEALS
FOR THE FIRST CIRCUIT

No. 91-2211

VICTOR DeCOSTA,
Plaintiff, Appellee,

v.

VIACOM INTERNATIONAL INC.,
Defendant, Appellant,

Before

BREYER, Chief Judge,
COFFIN, Senior Circuit Judge,
TORRUELLA, SELYA, CYR, BOUDIN and STAHL,
Circuit Judges.

ORDER OF COURT

Entered: February 3, 1993

The panel of judges that rendered the decision in this case having voted to deny the petition for rehearing and the suggestion for the holding of a rehearing en banc having been carefully considered by the judges of the court in regular

active service and a majority of said judges not having voted to order that the appeal be heard or reheard by the court en banc,

It is ordered that the petition for rehearing and the suggestion for rehearing en banc be denied.

By the Court:

Francis P. Scigliano

Clerk.

[cc: Messrs. Fowler, Karmen, Schreck, Callagy, Hagopian and Petrocelli]

Int. Cl.: 41
Prior U.S. Cl. 107 Reg. No. 1,059,696
United States Patent Office
Registered Feb. 15, 1977

SERVICE MARK
Principal Register

HAVE GUN WILL TRAVEL
[includes visual depiction of mark]
WIRE PALADIN

Victor DeCosta,
Rockland Road
Scituate, R.I. 02857

For: SERVICES -- NAMELY, PROVIDING ENTERTAINMENT BY MAKING APPEARANCES AS A WESTERN CHARACTER AT RODEOS, PARADES, HOSPITAL FUNCTIONS, AND OTHER CIVIC, RELIGIOUS AND PRIVATE FUNCTIONS -- in CLASS 107 (INT. CL. 41).

First use in or about July 1947; in commerce in or about July 1947.

Ser. No. 356,049, filed Apr. 6, 1970.

REGISTERED FOR A TERM OF 20 YEARS FROM Feb. 15, 1977

[certification and seal of United States Patent & Trademark Office]

15 U.S.C. § 1114

(1) Any person who shall, without the consent of the registrant --

(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; . . .

* * *

shall be liable in a civil action by the registrant for the remedies hereinafter provided. . . .

15 U.S.C. § 1125

(a) (1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact,

which --

(A) is likely to cuase confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, . . .

* * *

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act. . . .